Highlights

Performance Trends

Performance for the midpoint of FY23 is mixed, with the Early Education, Care and Nutrition Program of the Early Childhood Education and Care Department receiving high marks overall and the Economic Development and Tourism departments showing strong results, but with Medicaid and other public assistance programs ranked at the bottom of the scale. The ability to track agency efforts continues to be hindered by the failure of some agencies to report information in a timely manner. The Public Education Department has yet to report high school graduation rates from the 2021-2022 school year or testing results from the beginning of the current school year.

Among the findings in the quarterly report cards:

Education

Public Education Department, page 5. The Public Education Department reported slight increases in enrollment, changes to teacher licensure advancement, and continued delays in processing reimbursements. PED continues to struggle with maintaining leadership, with continued turnover in the secretary position and vacancies in two deputy secretary positions. In addition, the department has yet to release data on testing from the beginning or middle of the 2022-2023 school year.

Higher Education Institutions, page 7. In New Mexico, student achievement varies by institution type with four-year institutions having overall higher completion rates than two-year institutions. However, two-year institutions perform closer to the national average than four-year institutions. Notably, minority student performance at four-year institutions is close to the national average while minority student performance at two-year institutions is better than minority student performance nationally.

Child Well-Being

Early Childhood Education and Care Department, page 9. The Early Childhood Education and Care Department (ECECD) added several additional measures in FY23 for the early education prekindergarten program. However, these measures are annually measured and will not be reported until the close of FY23. ECECD reported only 380 families enrolled in Medicaid-funded home visiting, well below the performance target of 1,500. Medicaid-funded Home Visiting allows the state to receive federal revenues to grow state services. Additionally, ECECD is developing a Medicaid billing system to streamline the billing process and eliminate the duplication of data entry for providers.

Children, Youth and Families Department, page 12. New Mexico consistently ranks among the top six states for repeat maltreatment occurring within 12 months of an initial allegation. Several evidence-based options for preventing repeat maltreatment could be expanded and leveraged to garner more federal revenue and improve outcomes. Between FY18 and FY22, CYFD preventive services expenditures grew from about $1.1 million to $11.1 million, a tenfold increase, with most of the increase occurring in the last two years. During the same period, repeat maltreatment hovered around 14 percent, but it remains well above the national benchmark of 8 percent.

Health

Department of Health, page 31. The Department of Health (DOH) reported some improvements in performance across the agency during the second quarter of FY23. However, during the second quarter of FY23, the facilities statewide census was 42 percent of total beds. Additionally, the program has continued to report it is failing to meet targeted performance of third-party revenue collections, vital to FMD’s financial stability.

Aging and Long-Term Services Department, page 35. The Aging and Long-Term Services Department (ALTSD) reported some decline in performance during the second quarter of FY23. During the second quarter of FY23, the Aging and Disability Resource Center (ADRC) received 6,926 calls, an average of 115 per day, on trend with the close of FY22 but lower than prepandemic levels. The Aging Network is not on track to meet targeted performance for the hours of caregiver support for FY23 and continues to fall below prepandemic levels. Services included in this measure are home care, adult daycare, respite care, and counseling and support groups.

Human Services Department, page 25. The Human Services Department's Medicaid Program enrolls almost 50 percent of New Mexicans. In March 2023, HSD sent out over 40 thousand letters requesting Medicaid enrollees recertify their enrollment in the program. HSD will begin unwinding or disenrolling ineligible Medicaid clients beginning in April 2023. Overall Medicaid performance is trending below targeted levels and the continued volatility in the program adds to the risk for clients and the program to fall short of optimal performance levels.

Behavioral Health Collaborative, page 29. The Behavioral Health Collaborative needs to enhance its role coordinating overarching behavioral health services across state agencies, including Medicaid. Behavioral health performance outcomes remain poor in New Mexico and the state continues to have some of the worst behavioral health outcomes in the country, particularly with abuse of alcohol. More prevention and intervention are necessary to address the effects of alcohol abuse.

Justice and Public Safety

Courts and Justice, page 44. Criminal justice partners see continued caseload and efficiency impacts from the Covid-19 pandemic. Persistent hiring and retention challenges make it difficult to keep skilled staff in critical roles. Treatment court outcomes remain strong, and jury trials are returning to prepandemic averages. Cases referred to district attorney offices remain below prepandemic averages, but staffing issues make workload in some districts unsustainable.

Department of Public Safety, page 41. The Department of Public Safety saw significant drops in saturation patrols (a type of operation aimed at reducing DWIs) and adjudications of law enforcement officer complaint cases in the second quarter. Manpower increased in the second quarter but is anticipated to drop by the end of the year because the State Police cancelled a spring lateral class in favor of holding a larger class in the fall. The agency has made further progress in onboarding law enforcement agencies to the new National Incident-Based Reporting System (NIBRS), which should allow it to provide more timely and comprehensive data, and State Police are on-track to be NIBRS-compliant by the end of the calendar year.

Corrections Department, page 37. In the second quarter of FY23, the Corrections Department continued to see declines in its incarcerated population but saw little change in its key performance metrics compared with the prior quarter. Overall recidivism remained steady, and over one-in-three correctional officer positions remained vacant. Notably, inmate education continues to show poor results, with only six inmates obtaining a high-school equivalency certificate this quarter; by comparison, in the second quarter of FY22, 24 inmates earned such a certificate, and in the second quarter of FY21, 34 inmates earned one.

Natural Resources

Energy, Minerals, and Natural Resources Department, page 55. The State Parks Division reported visitation and revenue remained on track to meet the FY23 targets in the second quarter. The Oil Conservation Division received a $25 million initial federal grant to begin plugging and remediation at 200 well sites over a 24-month period under the federal Infrastructure Investment and Jobs Act's Orphan Well Program.

Office of the State Engineer, page 58. A proposed settlement in the *Texas v. New Mexico* water rights case was presented in February and now awaits the ruling of the Special Master assigned by U.S. Supreme Court. The Interstate Stream Commission reported New Mexico's accrued Rio Grande Compact debit for 2023 is expected to drop to -93,000 acre-feet in the next quarterly report, well below the compact compliance threshold of -200,000 acre-feet.

Environment Department, page 52. The Environment Department played a crucial role in developing and submitting a concept paper to the U.S. Department of Energy (DOE) by the Western Interstate Hydrogen Hub (WISHH), which issued an "encouraged" recommendation for the proposal.

DOE expects to pare down the list of candidate projects before the end of FY23. The Water Protection Division's Construction Programs Bureau processed disbursements for 38 new and continuing projects totaling approximately $4.5 million.

Economic Development

Economic Development and Tourism, page 16. The Economic Development Department did not award any Local Economic Development Act funding in the second quarter of FY23, resulting in significantly less job growth compared with the last several quarters. The department notes in its action plan that it anticipates a big award cycle in the third quarter, which will help the agency reach outcome targets for job creation.

The Tourism Department continues to report increases in employment in the leisure and hospitality industry, surpassing the national average for employment in the sector. The department also increased readership for New Mexico Magazine, which had previously fallen when the publication reduced the number of issues from 12 to 10.

Workforce Solutions Department, page 21. The Employment Services Program of the Workforce Solutions Department plays a key role in addressing the state low labor force participation rate and is a central player in developing a plan. The program oversees the state's network of workforce connections centers and operates several programs related to the federal Workforce Innovation and Opportunities Act (WIOA). For FY23 the department received a $10 million special appropriation that could be used to augment already existing evidence-based workforce programs the federal government funds through WIOA. In the second quarter, 13.1 thousand individuals received employment services in a Connections office, about 52 percent of the targeted 25 thousand. The plan to improve the participation rate will require a large outreach effort and case management ensuring prospective workers take advantage of generous state programs such as near universal childcare.

General Government

General Services Department, page 60. The General Services Department (GSD) continues to report a mounting deficit in the agency's largest program, employee group health benefits. Performance data indicate medical expenses are increasing while premiums have not increased to match expenses to revenues. Under these conditions, the department will be challenged to contain costs in FY23. Improved health benefits performance reporting is vital to provide insight into cost drivers, care quality, and employee satisfaction with the benefits offered.

State Personnel Office, page 64. The state continues to face challenges related to employee recruitment and retention. The State Personnel Office (SPO) reports the classified service vacancy rate is 23.7 percent, up 20 percent from the rate in FY21. State agencies continue to take longer to fill vacant positions, with "time to fill" averaging 72 days in the fourth quarter. Once positions are filled, fewer employees are completing their probationary period, with only 63 percent completing it in the first quarter. However, pay increases have improved the competitiveness of the state's salary schedules.

Taxation and Revenue Department, page 66. In the second quarter of FY23, the Taxation and Revenue Department (TRD) fell short of its target for collectible audit assessments since the beginning of the fiscal year but is on track to meet its annual target for tax collections, with nearly all categories of collections being substantially higher than those submitted in the second quarter of FY22. Of the $1 billion in outstanding tax collections for the state, the program collected $107.7 million at the end of quarter two, slightly under 10 percent of the outstanding balance. The audit and compliance data analytics software project are 50 percent complete and will include a categorization of outstanding collections in its final phase along with other collection processing enhancements. Outstanding audit assessments collected a total of $46.3 million, of the $95.5 million outstanding in audit assessments since the beginning of quarter one, 51 percent.

Infrastructure

Department of Transportation, page 49. After years of worsening road conditions, the Department of Transportation (NMDOT) reports investments in state roads are improving conditions. In recent years, the Legislature has made significant nonrecurring appropriations for road construction and maintenance, which the department has used to exceed targets for pavement preservation. Additionally, NMDOT has done well managing projects, generally completing projects on time and on budget. However, the department has experienced price spikes and delays due to supply chain disruptions affecting the broader economy.

Information Technology Projects, page 69. In the second quarter of FY23, eight projects are rated moderate risk, three are rated low risk, and only one project is rated high risk. Schedule risks for the enterprise cybersecurity project of the Department of Information Technology have improved as the department moves towards a June 2023 closeout and the state broadband program of the Office of Broadband Access and Expansion is reduced to moderate risk, reflecting improvements in spending this quarter. However, one project—the child support enforcement system replacement project through the Human Services Department—moved to a high-risk rating to reflect an extended project schedule through FY27 and increased budget—totaling $76 million, up from $70 million—which have not been certified by the project certification committee, posing risk.

Investments

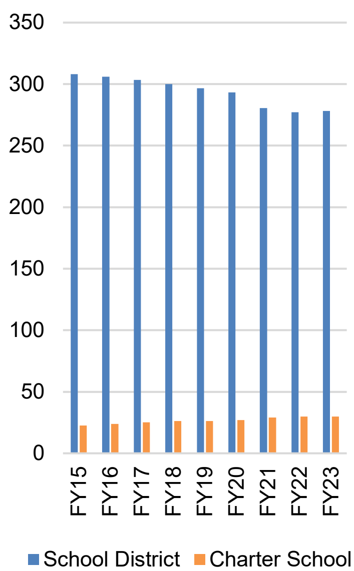
Fund Performance, page 83. The value of New Mexico's combined investment holdings grew by $2.75 billion quarter-over-quarter, to an ending balance of $65.92 billion, with across-the-board gains bolstered further by distributions to the new ECTF and the STPF. For the year, funds lost $1.55 billion, or 2.3 percent. Over the last five years, the state's combined investment holdings grew $15 billion, or 29.5 percent. No fund met its return targets for the quarter or one-year periods; only ERB and the LGPF hit their targets in some out-periods, when annualized. When compared with peer funds, the state's investment funds performed well for the year, with all funds ranking in the top quartile.

PERFORMANCE REPORT CARD
Public Education Department
Second Quarter, Fiscal Year 2023

ACTION PLAN

Submitted by agency?	No
Timeline assigned?	No
Responsibility assigned?	No

New Mexico Public School Enrollment
(in thousands)



Source: PED

Dossier vs. Micro-Credential Licensure Advancement		
	Dossier	**Micro-credential**
Initial Cost	$320 one-time fee	$60 for each credential; total $300 over 1 year
Correction Cost	$110 to $330	None
Time to Complete	Dossier assembly takes 3-9 months	Completed over the course of 1 year
Opportunity to Correct	Can resubmit partial or full dossier	Can correct micro-credentials while taking course; must pass course in order to progress

Source: PED

Public Schools

The Public Education Department (PED) reported slight increases in student enrollment, changes to teacher licensure advancement, and continued delays in processing reimbursements. PED continues to turn over key leadership positions, including the secretary of education, and to maintain vacancies for two deputy secretary positions. Despite standing up statewide capabilities in FY22 to track interim assessment data, the department has not publicly reported data for beginning- or middle-of-the-year tests in FY23.

Enrollment Changes

New Mexico public school enrollment has begun to stabilize but has not recovered to pre-pandemic levels. Kindergarten through 12th grade enrollment as of the 40th day count (typically the first reporting interval in the school year) reached 308.3 thousand students, an increase of 1,339 students, or 0.4 percent, from the prior year. The slight reversal from declining enrollment trends this year likely reflects the return of some students to school after closures during the Covid-19 pandemic. Overall, school districts and charter schools both saw increased enrollment of 1,149 students and 190 students, respectively.

High School Graduation Rates

As the end of the 2022-2023 school year approaches, PED has not publicly reported on or otherwise provided graduation data from the 2021-2022 school year.

Teacher Licensure Advancement

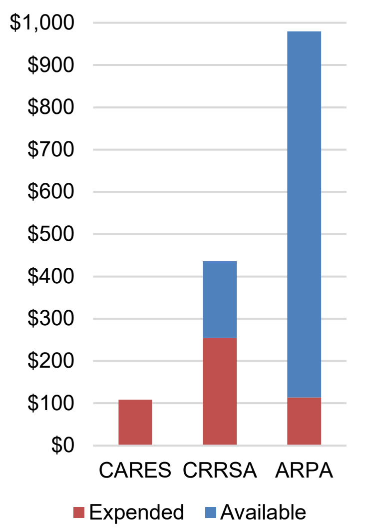
PED has replaced professional development dossiers, the traditional application to advance from level 1 to level 2 licensure, with a pathway for licensure advancement via certification through five micro-credentials: classroom environment, multi-layered system of supports, assessment literacy, culturally and linguistically responsive instruction, and family engagement. A micro-credential consists of several "stacked" courses, each focused on a discrete skill or area, and teachers must demonstrate at least 85 percent mastery of these skills to earn a micro-credential.

Micro-Credentials. Teachers who were already starting their dossier will be allowed to complete that process. While the advancement process via micro-credential takes 1.25 years, micro-credential pathways, unlike the dossier, allow educators to pause in between micro-credential courses and are also designed to have more direct input with a facilitator, rather than dossiers, which were a largely independent application review process. Current micro-credential pathways apply only to license progression for level 1 to level 2 licenses. While PED has referenced development for a micro-credentialing pathway to progress from a level 2 to level 3 license, there is not a confirmed deadline.

Department Operations

As of March 2023, PED filled 274 FTE out of 285.2 budgeted positions, an increase from the first quarter average of 263 FTE, providing increased salaries and competitive flexibility to fill high-need positions. However key roles, including two deputy directors,

New Mexico Federal ESSER Grants (in hundred-thousands)



Source: PED

have remained unfilled over the past two quarters. The governor also appointed a new secretary of education, the fourth secretary appointment for the position since 2018.

PED reported a slight decrease in processing time for budget adjustment requests (BAR), down to 7.7 days, which they attribute to the lower volume of BARs during the beginning of the fiscal year. However, average reimbursement processing time to schools was 34 days, well above the target of 24 days. PED cites the end of FY22 and beginning of FY23 led to an increase in requests for reimbursement, and the department has not been able to absorb this increase over the last two quarters.

Federal Pandemic Relief Funds

According to the U.S. Department of Education, New Mexico schools have only spent 58.5 percent of the second round of federal Elementary and Secondary School Emergency Relief (ESSER) funds, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), leaving about $181 million on the table. PED's own dashboard reports slightly less spending by districts, with only 36.6 percent, or $147 million, of CRRSAA funds available for expenditure by the deadline of September 2023. School districts have only spent 11.6 percent of American Rescue Plan Act (ARPA) ESSER funds, the third and largest round of federal aid, leaving $865.9 million available for expenditure by the deadline of September 2024. At least 20 percent of ARPA ESSER funds must be spent on interventions to recover lost instructional time during the pandemic, including extended learning time programs.

PED and federal guidelines encourage schools to focus spending on educational technology, tutoring and supports for students, and facility improvements. As schools and districts continue to maintain record-high cash balances, PED will need to work closely with the largest ESSER fund balances to ensure the funds are spent in a manner consistent with nonrecurring school needs.

NM State-Allocated CTE Funding, FY20 to FY24 (in thousands)

	Total	Programs
FY20	$4,500	NextGen: $4,500
FY21	$5,000	NextGen: $5,000
FY22	$3,000	NextGen: $3,000
FY23	$10,000	NextGen: $4,000.00 Innovation Zones: $4,700
FY24	$40,000	*NextGen: $15,000.00 *Innovation Zones: $25,000

Source: PED
*LFC estimate only. PED has not released CTE program funding for FY24

Career Technical Education Programs

Out of $10 million in appropriations for CTE in FY23, PED allocated $4 million for NextGen pilot programs and $4.7 million for a new Innovation Zones program, leaving $1.3 million in funding for unspecified uses. Given that CTE funding has quadrupled to $40 million for FY24, PED will need to closely report on outcomes and challenges in existing CTE programs to steer choices for the increased appropriation.

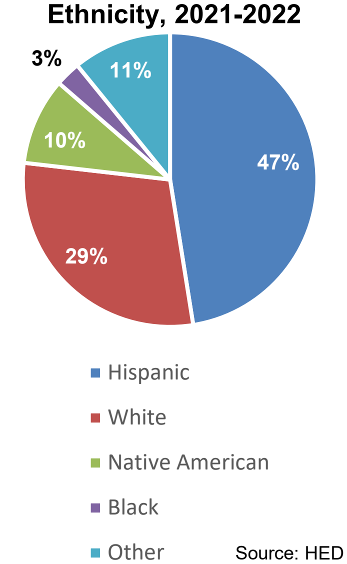
PUBLIC EDUCATION DEPARTMENT **Budget:** $20,869.0 **FTE:** 285.2	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Average budget adjustment request processing, in days	6.7	8.0	10.0	7.9	7.7		G
Special appropriations distributed	87.9%	90.3%	N/A*	86.4%	89.1%		Y
Data validation audits of funding formula	24	20	30	1	9		R
Average reimbursements processing, in days	40	37	24	31	34		R
Students in K-5 Plus programs	14,242	8,334	N/A*	3,805	4,436		R
Program Rating	Y	Y		R	Y		R

*Measure is classified as explanatory and does not have a target.

ACTION PLAN

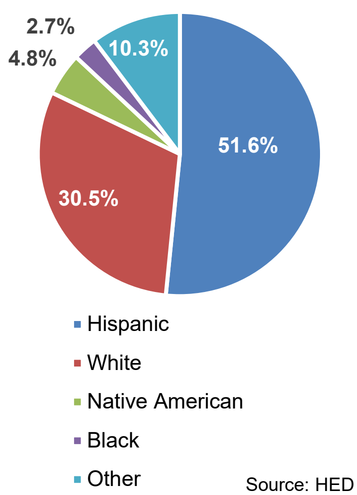
Submitted by agency?	No
Timeline assigned?	No
Responsibility assigned?	No

Enrollment by Ethnicity, 2021-2022



Source: HED

Bachelor's Degree by Ethnicity, 2021-2022



Source: HED

Higher Education Institutions

Higher Education Institutions (HEIs) have a critical role to play in delivering an affordable, high-quality education to students and providing them the support they need to complete studies undertaken. In New Mexico, the Legislature recognized the vital role of higher education and prioritized funding increases to the sector, primarily through college affordability programs, such as the opportunity and lottery scholarships. New Mexico students face significant challenges which HEIs will have to overcome to achieve a return on the investment in higher education.

Student Characteristics

New Mexico higher education is diverse in terms of race and economic status, with the state having a significantly higher proportion of poor and minority students than the national average. The diversity in higher education reflects the diversity of the state as a whole and signals current policies are providing access to higher education across race and class lines. Equal access to higher education is unambiguously positive but comes with additional challenges for HEIs. National data show poor and minority students graduate at lower rates than their white and affluent peers.

In New Mexico, student achievement varies by institution type with four-year institutions having overall higher completion rates than two-year institutions. However, two-year institutions perform closer to the national average than four-year institutions. Notably, minority student performance at four-year institutions is close to the national average while minority student performance at two-year institutions is better than minority student performance nationally. Critically, the federal data did not include performance for Native American students, who account for 8.9 percent of overall enrollment but only 4.5 percent of bachelor's degrees awarded.

2016 Cohort Completion Rates by Race and Gender

	4-year Institutions		2-year Institutions	
	U.S.	N.M.	U.S.	N.M.
All	**68.0%**	**54.7%**	**43.1%**	**42.6%**
Asian	80.5%	75.1%	53.4%	63.5%
Black	50.2%	48.2%	31.1%	49.2%
Latino	57.1%	54.8%	37.9%	46.1%
White	73.5%	64.4%	50.6%	49.3%
Female	71.4%	59.9%	46.3%	45.7%
Male	64.1%	48.8%	40.8%	39.2%

Source: National Student Clearinghouse

National data show educational attainment for low-income students lags behind their more affluent peers; 48 percent of low-income students receiving Pell grants graduate timely while 59.3 percent of students overall graduate timely. New Mexico HEIs report 34 percent of students are Pell-grant-eligible, higher than the 30 percent of students nationally who are eligible and the highest in the region. It is likely New Mexico's high proportion of low-income students will require additional resources to support students through graduation.

Pell Grant Eligibility by Sector, AY2020-2021

	U.S.	NM
4-Year	31.3%	40.5%
2-Year	29.1%	28.8%
All	**30.4%**	**33.8%**

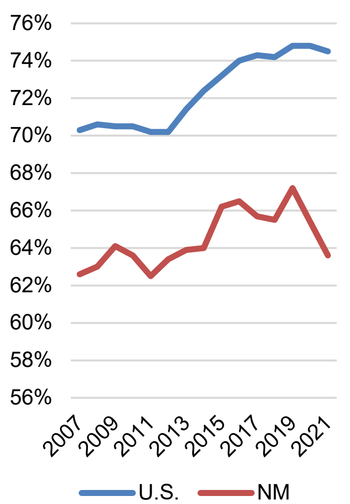
Source: IPEDS

National data on retention rates of full-time students show New Mexico has seen a steep decline over the past two years. While the decline may be attributable to Covid-19 restrictions, it is a steeper drop than seen in the United States on average and may lead to lower graduation rates in the future.

Affordability

New Mexico offers significant tuition subsidies to students through the lottery and opportunity scholarships. The lottery scholarship, established in 1996, pays tuition costs for students entering college full-time directly from high school. The opportunity scholarship was established in 2022 and pays tuition and fees for any students entering college regardless of age and requires students to enroll in at least six credit hours per semester. Both programs require recipient students to maintain a 2.5 grade point average.

Full-Time Student Retention Rate, Public Higher Education Institutions



Source: IPEDS

These programs are designed to increase college enrollment and boost graduation by addressing the financial barriers to higher education. The cost of higher education is certainly an obstacle to many students, but federal data show that during the 2020-2021 academic year, prior to the implementation of opportunity scholarship awards, New Mexico students were less likely than students regionally and nationally to take federal student loans. Further, student loan amounts for New Mexico students were less than the national and regional averages.

Student Financial Aid, AY2020-2021

State	% Students Receiving Pell Grants	Avg. Pell Award	% Students Receiving Fed. Loans	Avg. Loan Amount
Arizona	29%	4,131	22%	6,446
Colorado	24%	4,849	26%	6,252
New Mexico	**34%**	**4,693**	**19%**	**6,054**
Oklahoma	32%	4,488	29%	6,176
Texas	31%	4,636	23%	6,274
Utah	24%	5,090	18%	6,195
U.S. Avg.	**31%**	**4,564**	**23%**	**6,200**

Source: IPEDS

Proportion of Students Receiving Aid by Sector

State	4-Year	2-Year
Arizona	81%	41%
Colorado	52%	43%
New Mexico	**84%**	**50%**
Oklahoma	77%	63%
Texas	57%	45%
Utah	53%	34%
U.S.	**65%**	**55%**

Source: IPEDS

Data show large differences between the four-year and two-year sectors in the percentage of students receiving aid and loans. Students at New Mexico four-year institutions were significantly more likely to receive aid than were students regionally or nationally while New Mexico community college students received aid at a lower rate than the national average. However, the data do not reflect the creation of the opportunity scholarship which will provide additional aid to community college students.

Next Steps

The opportunity scholarship drove higher education appropriations in FY23 and will continue to do so in the future. Outcomes must be closely monitored for the state to ensure the new investment delivers results for students and taxpayers. This work will be difficult because federal benchmarking data is significantly delayed and does not give the most up-to-date view of student achievement. Monitoring outcomes will require regular reporting on student loan amounts, student retention, and student support services.

ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	No

ECECD reported the Centennial Home Visiting Program has funded 933 slots in 15 counties, in partnership with nine home visiting providers. The department stated concerns that referrals are lower than expected resulting in only 380 families being enrolled. To improve referrals ECECED is working to develop relationships with birthing hospitals and advertise the program widely in the medical, maternal health field.

Early Childhood Education and Care

The Early Childhood Education and Care Department (ECECD) added several additional measures in FY23 for the early education prekindergarten program. However, these measures are annually measured and will not be reported until the close of FY23. National reported declines in math and reading proficiency for young children, due to the global pandemic, have elevated the importance for expanding early education programs to remedy the losses. LFC staff found participation in prekindergarten corresponds with a 10 percent increase in college entrance. Additionally, a large body of national research and LFC evaluations have consistently found prekindergarten programs increase math and reading proficiency for low-income 4-year-olds, lower special education and retention rates, and lessen the negative effects of mobility, or a child changing schools throughout the school year.

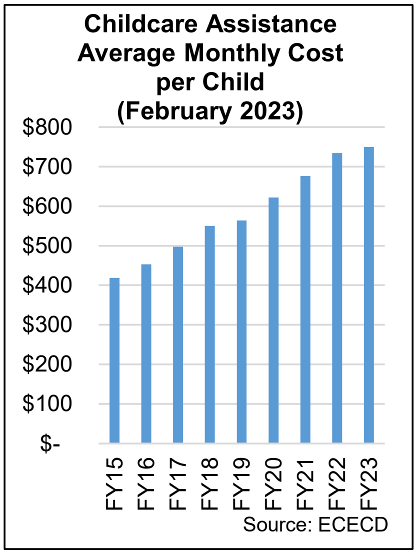
Family Support and Intervention

The program—composed primarily of the Family, Infant, Toddler (FIT) developmental disabilities intervention program, Families First case management program, and Home Visiting parental education and supports program—reported meeting performance targets for families demonstrating progress in positive parent-child interactions and children receiving regular well-child visits. These measures monitor Home Visiting progress in supporting new families to attain health and developmental goals for young children. The program also reported only 380 families enrolled in Medicaid-funded home visiting, well below the performance target of 1,500. Medicaid-funded Home Visiting allows the state to receive federal revenues to grow state services. Additionally, ECECD is developing a Medicaid billing system to streamline the billing process and eliminate the duplication of data entry for providers.

Budget: $68,850.3 **FTE:** 41	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Number of families enrolled in Centennial home visiting	135	299	1,500	382	380		R
Average annual number of home visits per family	27	NA	12	Reported Annually			
Percent of children enrolled in home visiting for longer than six months that receive regular well child exams as recommended by the American Academy of Pediatrics	NA	86%	80%	87%	87%		G
Percent of parents participating in home-visiting program for at least eight months who demonstrate progress in practicing positive parent-child interactions	74%	73%	75%	77%	76%		G
Percent of women enrolled in families first and home visiting who are eligible for Medicaid who access prenatal care in the first trimester	NA	93%	75%	92%	92%		G
Percent of children participating in the family infant toddler program for at least six months who demonstrate substantial increase in their development as measure by the early childhood outcomes tool	NA	76%	75%	78%	78%		G

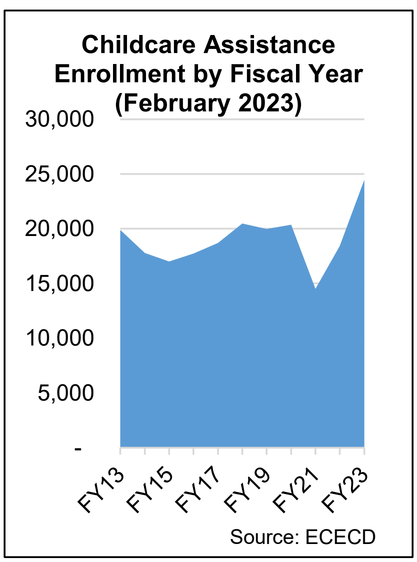
	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Percent of women who are pregnant when they enroll in home visiting who access postpartum care	NA	80%	90%	71%	71%		Y
Percent of women who are pregnant when they enroll in Families First who access postpartum care	NA	80%	90%	95%	97%		G
Percent of eligible infants and toddlers with individual family service plan for whom an initial evaluation and initial assessment and an initial individual family service plan meeting were conducted within the forty-five-day timeline	NA	NA	100%	92%	88%		Y
Program Rating	R	Y					Y

*Measure is classified as explanatory and does not have a target.



Early Education, Care, and Nutrition

The Early Education, Care, and Nutrition Program, primarily composed of Childcare Assistance and the Family Nutrition Bureau, met all performance targets. Prior to the pandemic, Childcare Assistance average monthly enrollment had been relatively flat, ranging between 18 thousand and 20 thousand children a month. However in fall 2020, enrollment declined significantly to 15 thousand. In FY21, average monthly enrollment was 14.5 thousand. The average monthly cost per child, however, increased to $676, or $8,117 annually. At the close of FY22, monthly enrollment has continued to increase from nearly 22 thousand, and the average monthly cost continued to grow to $734, or $8,810 annually. In April 2022, ECECD announced Childcare Assistance income eligibility would increase to 400 percent federal poverty level (FPL) and all co-payments would be waived. As of February 2023, and average monthly enrollment in FY23 was 24,480 and with an average monthly cost of $749, or $8,991 annually.



Budget: $271,105.6 **FTE:** 146	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Percent of infants and toddlers participating in the childcare assistance program enrolled in childcare programs with four- or five-stars	NA	60%	40%	58%	57%		G
Average monthly copay as a percentage of monthly income	NA	NA	10%	0%	0%		G
Program Rating	R	Y					G

*Measure is classified as explanatory and does not have a target.

Prekindergarten

During the pandemic, all public school and most private school prekindergarten programs were forced to close in-person programs and conduct programs virtually. In spring 2021, virtual class sessions lasted on average approximately 30 minutes to 45 minutes, depending on children's ability to remain attentive and parents' abilities to assist and support their children in remote learning. The pandemic also resulted in the programs being unable to assess children and provide the data. In FY21, ECECD contracted for 13,608 prekindergarten and early prekindergarten slots. The program did not meet targeted performance for FY22. FY23 performance will be reported at the close of the fiscal year.

Budget: $111,043.6 **FTE:** 11	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Percent of children who were enrolled for at least six months in the state-funded prekindergarten program who score at first step for K or higher on the fall observation kindergarten observation tool	No Report	54%	75%		Reported Annually		
Percent of children participating in the state-funded New Mexico prekindergarten program (public and private) for at least six months showing measurable progress on the school readiness spring preschool assessment tool	No Report	92%	90%		Reported Annually		
Percentage of children who participated in a New Mexico Pre-K program, for at least nine months, that are proficient in math in Kindergarten	NA	NA	37%		Reported Annually		
Percentage of children who participated in a New Mexico Pre-K program, for at least nine months, that are proficient in literacy in Kindergarten	NA	NA	32%		Reported Annually		
Measure							
Program Rating	R	Y					

*Measure is classified as explanatory and does not have a target.

Policy, Research, and Quality

The Policy, Research and Quality Program's primary purpose is to manage initiatives to improve the quality of early childhood education and care programs and professional development support for providers. The program also provides data assessment and support in addition to policy development for the department. The program leads the state's childcare tiered quality rating and improvement system, Focus. The department reported meeting both targeted performance measures for Focus but did not report on the professional development performance measure.

Budget: $21,101.2 **FTE:** 29.5	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Percent of early childhood professionals, including tribal educators, with degrees or credentials in early childhood fields	NA	NA	45%	Not Reported	Not Reported		R
Percent of licensed childcare providers participating in FOCUS tiered quality rating and improvement system	NA	51%	60%	63%	64%		G
Percent of licensed childcare providers participating in Focus tiered quality rating and improvement system at the four- and five-star level	NA	60%	50%	61%	60%		G
Program Rating		Y					Y

*Measure is classified as explanatory and does not have a target.

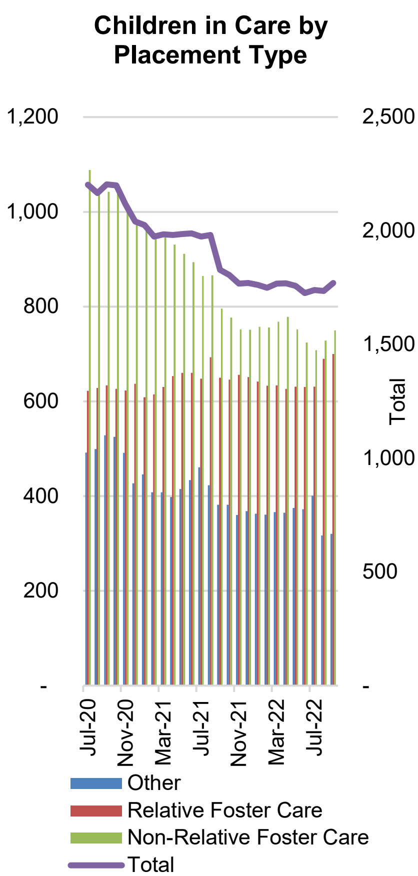
ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	No

***Kevin S., et al. V Blalock and Scrase* Lawsuit Settlement**

The Lawsuit against CYFD alleged:

- Systemic failures resulting in harm to children in foster care,
- Lack of stable placements,
- Behavioral health needs unmet,
- No trauma sensitive system, and
- Little behavioral health capacity.

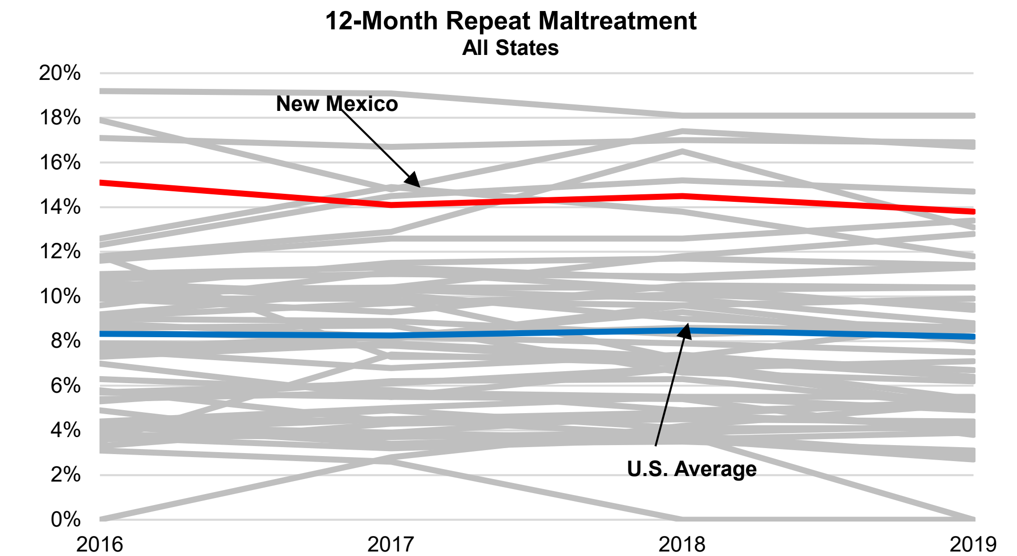


Source: CYFD

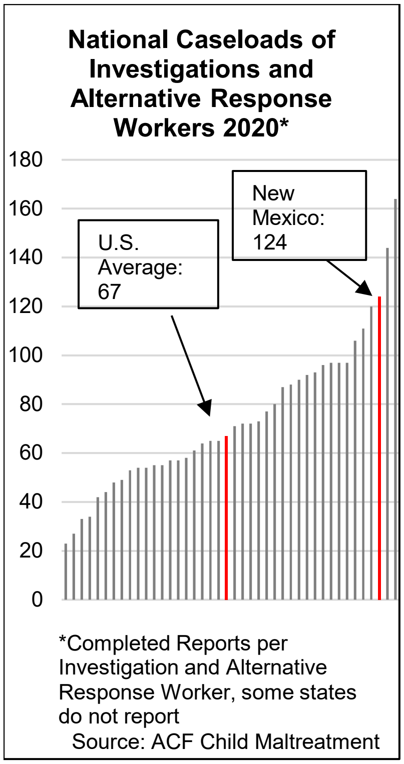
Reducing childhood maltreatment is one of the primary goals of New Mexico's child welfare system. Child caregiver alcohol and drug use are by far the two leading risk factors for child maltreatment. Targeting prevention services at caregivers with alcohol and drug use and expanding early intervention services are likely to have the greatest impact. However, delivering the right interventions to the right people at the right time is easier said than done. In a February 2023 press release the governor declared the child welfare system "is fundamentally broken." This came 32 years after the taskforce that led to the establishment of the Children, Youth and Families Department (CYFD), said the system was crisis oriented and failed to support families. For FY24, the Legislature increased appropriations significantly for the child welfare system to adjust salaries, fill vacancies, improve access to behavioral health services, and boost prevention programming for evidence-based programs. In the prior year, the Legislature appropriated $20 million to CYFD and HSD to develop more behavioral health provider capacity and $50 million to higher education institutions to increase social worker endowments.

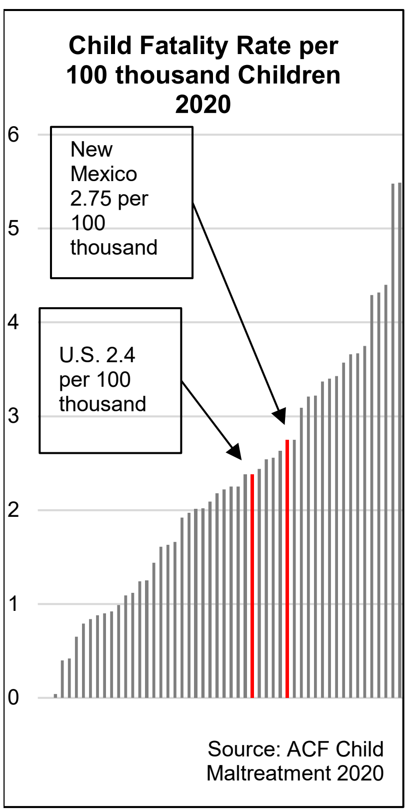
Protective Services

Prevention and early intervention is the key to reducing repeat child maltreatment. Over the long-term, child maltreatment causes physical, psychological, and behavioral consequences leading to increased costs to the child welfare, behavioral health, and physical healthcare systems. The federal Centers for Disease Control and Prevention estimates the lifetime cost of nonfatal child maltreatment at $831 thousand. Additionally, the consequences when children experience repeat maltreatment are potentially devastating. However, New Mexico consistently ranks among the top six states for repeat maltreatment occurring within 12 months of an initial allegation. Several evidence-based options for preventing repeat maltreatment could be expanded and leveraged to garner more federal revenue and improve outcomes. Between FY18 and FY22, CYFD preventive services expenditures grew from about $1.1 million to $11.1 million, a tenfold increase, with most of the increase occurring in the last two years. During the same period, repeat maltreatment hovered around 14 percent, but it remains well above the national benchmark of 8 percent.



Source: ACF Children's Bureau





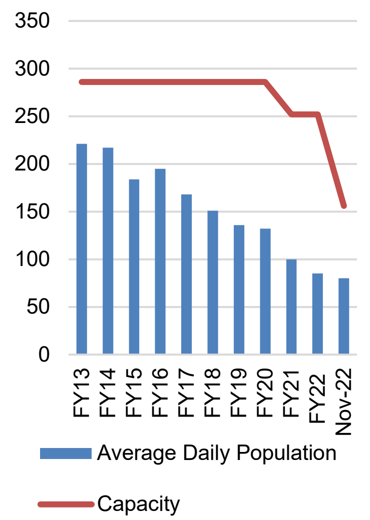
Budget: $195,773.8 **FTE:** 1,111	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Maltreatment							
Children who were victims of a substantiated maltreatment report during a 12-month period who were victims of another substantiated maltreatment allegation within 12 months of their initial report	14%	14%	9%	14%	14%		R
Rate of maltreatment victimizations per one hundred thousand days in foster care	14.7	10.1	8.0	7.8	6.6		G
Families with a completed investigation that participated in family support or in-home services and did not have a subsequent substantiated abuse report within 12 months	New	75%	20%	75%	77%		G
Serious injuries with prior protective services involvement in the last year	New	43%	26%	17%	14%		G
Turnover rate for protective service workers	26%	37%	30%	39%	37%		R
Average statewide central intake call center wait time in seconds	27	30	180	26	23		G
Foster Care							
Children in foster care who have at least one monthly visit with their caseworker*	98%	96%		92%	91%		
Children in foster care for more than eight days who achieve permanency within 12 months of entry into foster care	30%	36%	30%	34%	35%		G
Children in foster care for 12 to 23 months at the start of a 12-month period who achieve permanency	40%	42%	35%	42%	41%		G
Children in foster care for 24 months, or more, at the start of a 12-month period who achieve permanency	41%	38%	32%	32%	33%		G
Foster care placements currently in kinship care settings	42%	49%	35%	48%	51%		G
Indian Child Welfare Act foster care youth who are in an appropriate placement	73%	72%	35%	82%	79%		G
Initial relative placement that transition to permanency or are still stable after 12 months	78%	74%	35%	81%	71%		G
Children who enter care during a 12-month period and stay for >8 days, placement moves rate per 1,000 days of care	5.6	5.7	4.0	7.3	7.6		R
Program Rating	Y	Y					Y

Juvenile Justice Services

The Juvenile Justice Services (JJS) secure population continues shrinking and in November 2022 there were a total of 80 clients in secure facilities, a 63 percent decrease since FY13. Because of the continual downward population trend, in January 2022 the department closed the Camino Nuevo Youth Center after ceasing to hold clients at the

San Juan County Detention Center in FY21. Physical assaults in the facilities are significantly down and there is currently a two-to-one student teacher ratio. With the reduced population and low ratios, the program should start performing better on improving math and reading scores. The department's action plan at the end of the last school year was to return to more face-to-face instruction, improve student assessments, provide Chrome books for students, and improve teacher professional development. One area of concern, the turnover rate for youth care specialists increased from 18 percent in FY21 to 40 percent in the first quarter. The department says the high turnover is the result of staff taking outside positions that allow telecommuting. The department wants to allow for part-time or job share positions to improve retention.

JJS Secure Facility Population



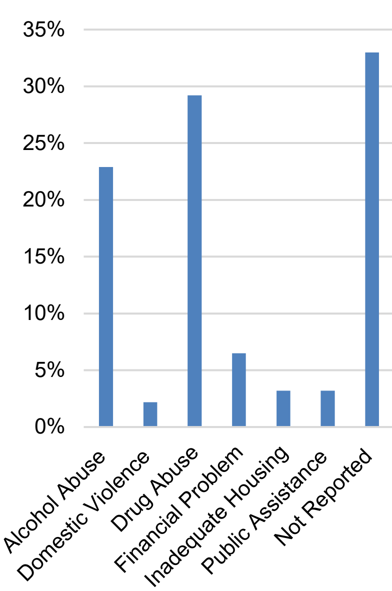
Source: CYFD

Budget: $76,110.4 **FTE: 767**	**FY21 Actual**	**FY22 Actual**	**FY23 Target**	**FY23 Q1**	**FY23Q2**	**FY23 Q3**	**Rating**
Physical assaults in Juvenile Justice Facilities *(target is annual; quarterly numbers are cumulative)*	224	155	<245	49	45		Y
Eligible juvenile justice involved youth that are participating in fostering connections	New	50%	60%	57%	43%		R
JJS clients who successfully complete formal probation.	90%	87%	87%	92%	95%		G
Recidivism rate for youth discharged from active field supervision.	18%	15%	20%	11.6%	12%		G
Recidivism rate for youth discharged from commitment.	33%	35%	55%	37%	39%		G
Clients with improved math scores	No data	44%	56%	N/A	N/A		
Clients with improved reading scores	No data	33%	56%	N/A	N/A		
Substantiated complaints by clients of abuse and neglect in JJS facilities.	2	2	5	2	0		G
Turnover rate for youth care specialist.	18%	39%	21%	40%	41%		R
Youth being formally supervised by field services currently in kinship care settings	17%	15%	35%	14%	17%		R
Indian Child Welfare Act Youth formally supervised in the community who are in an appropriate placement.	61%	81%	90%	75%	N/A		R
Program Rating	Y	Y					Y

Behavioral Health Services

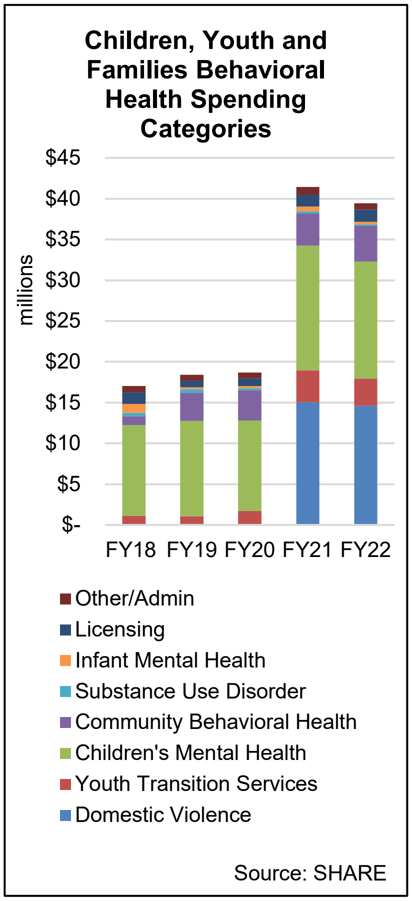
Behavioral Health Services reported there were no infants receiving a recommendation for family reunification from a mental health team. This quarter, 110 infants and 136 caregivers were served with no infants recommended for reunification. The program's action plan is to support the community of practice through clinical consultation and increase competency in the delivery of child parent psychotherapy (CPP). The program stated that in the first quarter CBHCs have set up reoccurring dates and times for consultation in each PS office to offer consistent times and availability for staff, resulting in increased consultation at the investigation and permanency planning worker level.

Child Victims With Caregiver Risk Factors 2020



Source: ACF Child Maltreatment 2020

Budget: $52,304.3 **FTE:** 119	**FY21 Actual**	**FY22 Actual**	**FY23 Target**	**FY23 Q1**	**FY23 Q2**	**FY23 Q3**	**Rating**
Infants served by infant mental health teams with a team recommendation for unification who have not had additional referrals to protective services	70%	100%	90%	No Infant	No Infant		Y



Children and youth in department custody who are placed in a community-based setting	90%	91%	70%	94%	96%	G
Clients enrolled in multisystemic therapy who demonstrate improvement in mental health functioning	92%	90%	75%	86%	92%	G
Domestic violence program participants who agree they have strategies for enhancing their safety.	0%	90%	80%	89%	96%	G
Domestic violence program participants who agree that staff and advocates regularly discuss their safety needs, including specific things they can do to keep themselves safe	95%	93%	80%	93%	91%	G
Increase in supportive or independent housing options for youth ages 16-21 years from baseline FY20 levels	15%	25%	20%	25%	25%	G
Department-involved youth in the estimated target population who are receiving services from community behavioral health clinicians	65%	65%	75%	71%	63%	Y
Program Rating	G	Y				Y

With increased legislative investment in economic development initiatives, the Economic Development Department (EDD) will be expected to expand its role of oversight and coordination for newly created programs, such as the venture capital fund and opportunity enterprise acts.

The department surpassed performance targets on nearly every measure in FY22 and doubled rural job creation compared with FY21 which had lagged overall job creation since the pandemic. The department's strong performance continues into the second quarter of FY23. The committee should work with the agency and state budget division to increase performance targets for FY24 to reflect and maintain the momentum of the department's FY22 performance. In an otherwise exceptional year for the department, the performance of the New Mexico partnership (created as a mechanism to entice and entertain companies considering relocating to New Mexico) stands out, attracting only 64 jobs to the state, well under the target of 2,250 jobs.

The agency's action plan reflects both its 20-year strategic plan and directives from legislators in the three EDD LegisStat hearings.

ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	Yes
Responsibility assigned?	Yes

LegisStat Pilot Agency

The New Mexico Economic Development Department (NMEDD) participated in the Legislative Finance Committee's first LegisStat panel, a new hearing format hyper-focused on performance metrics and agency action plans. The department will update the committee on LegisStat measures during its next committee hearing. Follow up questions include:

- How many of the short-term strategic plan action items has the department completed or nearly completed?
- How do newly funded economic development initiatives, like the venture capital investment fund or the opportunity enterprise fund, interact with the strategic plan?
- How is the department monitoring the return on investment from LEDA grants?
- How does the department ensure consistency in award criteria for LEDA?

Economic Development

Local Economic Development Act and Job Training Incentive Program. The Economic Development Division did not award any LEDA funding in the second quarter of FY23. Typically, the second quarter has the least awards for the department's incentive programs, with projects picking back up in quarter three. The department notes it has several LEDA projects in the works for the third quarter, including a solar manufacturing company in central New Mexico with the potential to create 3,000 jobs, an electronics manufacturing facility in southern New Mexico proposing to create 75 new jobs, and a beef processing facility in southwest New Mexico creating an unspecified number of new jobs.

For the Job Training Incentive Program (JTIP), the JTIP board approved 18 companies and a total of 178 trainees in the second quarter. Of the trainees, 47 are high-wage positions, with annual salaries greater than $60,000. One internship and 15 trainees were approved for training. Of the total trainees approved, 30 are located in rural areas including Deming, Hobbs, Roswell, Santa Teresa, Sunland Park, and Taos.

Additionally, the Film Crew Advancement Program (FCAP), one of the two job training incentive programs for Film and Multimedia programs, approved one company to train 4 crew members. The department reports $6.1 million in available JTIP funds, though the actual cash balance for the fund is over $35 million.

MainStreet. In addition to $11.8 million in private sector investments and 86 private building rehabilitations, local MainStreet programs reported 100 net new jobs in the second quarter of FY23. Major MainStreet projects include the purchase of the Cantu Plaza in Taos for $2.7 million and a public-private partnership in Las Cruces which is projected to bring over 100 jobs in the area for

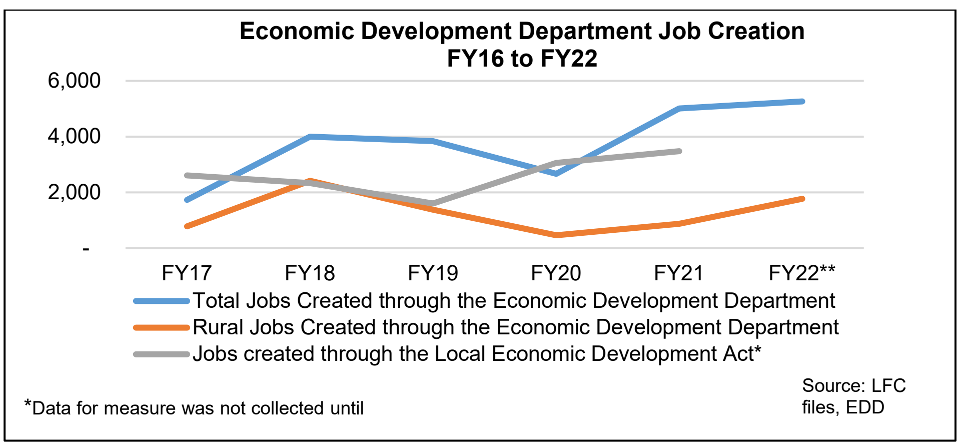
$1 million. The Legislature approved $10 million in severance tax bonds for MainStreet districts during the 2023 regular legislative session.

One Time Economic Development Funding at a Glance
(in thousands)

Purpose	2021 Second Special Session	2022 Regular Session
Outdoor Equity Fund	$3,000	
Trails + Grants	$7,000	
Film Academy		$40,000
Local Economic Development Act		$50,000
Venture Capital Investment Fund		35,000
Federal Grants Administration	$435	$3,500
Local grant management		$1,500
Opportunity Enterprise Fund		$70,000
Job Training Incentive Program		$6,000
Subtotal	**$10,000**	**$201,000**
Grand Total		**$216,435**

Source: LFC Files

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Jobs created due to economic development department efforts	5,012	5,263	4,000	811	14		Y
Rural jobs created	871	1,766	1,320	175	14		G
Average wage of jobs created due to economic development department efforts (in thousands)	$70.6	$61.4	$47.5	$54.9	$64.4		Y
Jobs created through business relocations facilitated by the New Mexico partnership	147	64	2,250	17	0		R
Potential recruitment opportunities submitted by the New Mexico Partnership	60	$42	60	18	13		G
Wages of jobs created in excess of prevailing local wages (in thousands)	$24,948	232	$5,000	$10.9	$16.3		G
Private sector investment in MainStreet districts, in millions	$58	69	$30	$7.8	$11.8		G
Number of company visits to New Mexico for projects managed by the New Mexico Partnership	9	21	12	6	4		G
Private sector dollars leveraged by each dollar through Local Economic Development Act	128:1	$42	20:1	17:1	0		Y
Jobs created through the use of Local Economic Development Act funds	3,058	2,100	3,000	496	0		Y
Workers trained by Job Training Incentive Program	3,356	2,841	1,900	737	178		Y
Program Rating	Y	Y					G



New Mexico Film Office

The film industry has become a top focus of this administration. LEDA has doled out large awards to film partners, including $21 million to Netflix and $7.7 million to NBC Universal. The Legislature also appropriated $40 million in one-time funding for a state-run film and media academy in 2022. Total gross receipts paid by film industry productions were significantly lower in the second quarter compared to the first. The department notes it will continue to market New Mexico as a premier film destination to production companies to increase film activity.

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY2 3 Q3	Rating
Direct spending by film industry productions, in millions	$257.3	$624	$530	$268.8	67.42		G
Film and media worker days	266,604	514,580	320,000	198,094	55,401		G
Total gross receipts paid by film industry productions, in millions	NEW	$30.6	$20	$14.7	$3.46		Y
Total wages paid by film industry productions to New Mexico residents, in millions	NEW	$121.2	$200	$48.6	$15.2		G
Program Rating	Y	G					G

Outdoor Recreation

The Outdoor Recreation Division's goal is to ensure all New Mexicans share in the public health, environmental, and economic benefits of sustainable outdoor recreation. The division focuses on a few key impact areas: economic development, promotion of outdoor-recreation assets, conservation, and education and public health programs.

The Legislature heavily invested in the division's two grant funds, appropriating $7 million to the "Trails +" fund, created to assist local entities in creating, maintaining, and improving recreational trails, and $3 million to the outdoor equity fund, designed to fund outdoor programming for underserved youth in the state. The division began accepting grant applications for the "Trails +" outdoor infrastructure grants in early March and announced the first 15 recipients of the grant, totaling $2.74 million. Approved projects include $400 thousand to McKinley County for a 22-mile trail connector, $99 thousand to Red River for restroom facilities in Mallette Park, and $78.9 thousand for trail improvements in Bloomfield. The division also received a $1.9 million joint grant with the Tourism Department from the federal Economic Development Administration for marketing.

Budget: $482.2 **FTE:** 4	FY21 Actual	FY22 Actual	FY23 Target	FY22 Actual	FY23 Q1	FY2 3Q2	FY23 Q3	Rating
New outdoor recreation jobs created by the outdoor recreation division*	40	173	N/A	173	175	82		
Outdoor recreation projects funded or lead by the outdoor recreation division*	11	44	N/A	44	20	19		
Number of youth to participate in outdoor education programs through the division*	NEW	21,904	N/A	21,904	12,221	0		
Program Rating								G

*Measure is classified as explanatory and does not have a target.

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

PERFORMANCE REPORT CARD
Tourism Department
Second Quarter, Fiscal Year 2023

The department met or exceeded most performance targets for the second quarter of FY23, and submitted detailed and achievable action plans where performance was low. The New Mexico Tourism Department (NMTD) focuses on data for everything from workforce revitalization to marketing decisions and hosts a public economic recovery dashboard on its website. The dashboard features data from various sources on visitor spending, vaccination rates, small business performance, and hotel occupancy rates. This tool enables legislators and members of the public to track the efficacy of marketing and promotion spending, and the department should consider continuing the dashboard post-pandemic in addition to including relevant measures in its quarterly reports.

Marketing and Promotion

Workforce. After a nearly two yearlong recovery period, New Mexico surpasses the national average for leisure and hospitality employment according to Bureau of Labor Statistics data revisions. The department reports 5.8 percent more jobs in the sector in the second quarter of FY23 over the first quarter. The department participated in the ongoing LegisStat hearing format, wherein agencies consistently respond to specific metrics to gauge performance and encourage performance-based management. In response to July LegisStat hearing where members questioned how the department could collaborate with other state agencies to increase visitation and address workforce concerns, the secretary submitted an action plan detailing new initiatives to collaborate with the Department of Cultural Affairs and the state parks division of the Energy, Minerals, and Natural Resources Department. NMTD will continue to collaborate with the Workforce Solutions Department to match unemployed individuals with unfilled leisure and hospitality jobs. The department reports it also collaborated with the New Mexico Small Business Development Center to provide counseling and resources to keep businesses open, saving 2,000 tourism-related jobs in FY22.

Budget: $14,795.1 **FTE:** 16	FY21	FY22	FY23	FY23	FY23	FY23	
Measure	**Actual**	**Actual**	**Target**	**Q1**	**Q2**	**Q3**	**Rating**
Change in New Mexico leisure and hospitality employment	-14%	19%	3%	21%	5.8%		G
Change in total digital engagement	16.8%	-32%	3%	0.9%	1%		G
Amount of earned media value generated in millions	$1.7	$5.2	$1.0	$5.1	$2.7		G
Program Rating		Y					G

Media and Engagement. The department leveraged pandemic-related closures to significantly grow its social media presence in FY21, but digital engagement fell in FY22. The department reported a small amount of growth in engagement in the second quarter of FY23. The agency offers several explanations for decreased engagement, most notably that new platform algorithms tend to boost "incendiary" or "controversial" posts. The agency's strategic plan addresses this directly, noting the department made a deliberate shift in posting neutral but engaging content, and voluntarily reported other, more

ACTION PLAN

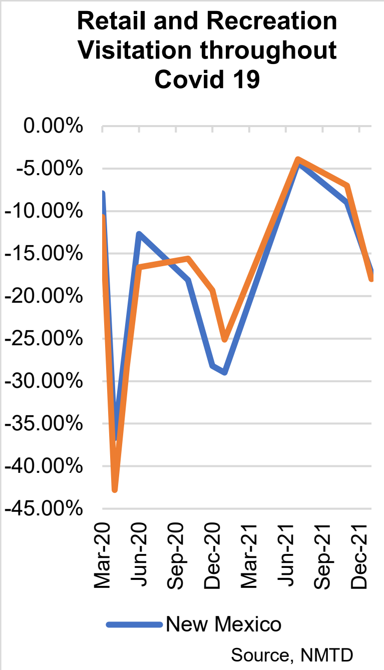
Submitted by agency?	Yes
Timeline assigned?	Yes
Responsibility assigned?	Yes

LegisStat Pilot Agency

The New Mexico Tourism Department participated in the Legislative Finance Committee's first LegisStat panel, a new hearing format hyper-focused on performance metrics and agency action plans.

The agency addressed key economic recovery indicators, including visitation rates and leisure and hospitality employment rates. The department answered final follow up LegisStat questions at its October budget hearing, and will be cycled out of the LegisStat process for now.

Tourism Recovery Metrics		
	June 2020	January 2023
Travel Spending*	-67.1%	-.9%
Drive Market Visitors*	-54%	-7%
Passengers Deplaned At Albuquerque International Sunport	25,313	135,931
Hotel Occupancy rates*	25.9%	30.3%
*percentage increase (decrease) compared with FY19		



Tourism and Outdoor Recreation

The Tourism Department works closely with the Economic Development Department's Outdoor Recreation Division to ensure trails are supported by the New Mexico True brand and expand outdoor tourism development. The department's received a $2.5 joint grant to build outdoor tourism infrastructure. Approved project examples include:

- $65.5 thousand to Clovis, New Mexico- Mental Health Resources Inc. will convert four acres of vacant land into the Richard Lucero Wellness Trail in Clovis, New Mexico for public, client, and staff use.
- $400 thousand to McKinley County- McKenzie Ridge Trail Connector is a 22-mile segment that links Hilso (McGaffey) Trail System to the Twin Springs Trail System as part of the overall 186-mile Zuni Mountain Trail Project. This project climbs along McKenzie Ridge.
- $99 thousand to Red River- The Town of Red River will install proper restroom facilities to compliment the town's substantial investments in the recreational features at Mallette Park. The park enjoys growing popularity with local residents and visitors alike.
- $202.3 thousand to Ruisdoso- The project will improve, design, and develop sheltered picnic areas, restrooms, pavilions, ADA, and dock improvements.

useful measures such as number of e-newsletters opened and website traffic activity.

New Mexico Magazine

New Mexico Magazine revenues in FY22 were 30 percent higher than in FY21. *New Mexico Magazine* shifted much of its readership and advertising to online rather than in print and submitted new measures for FY24 to encapsulate online activity. The magazine's digital engagement reaches more than 200 thousand visitors per month across various platforms, and it won 16 award recognitions from the International Regional Magazine Publishers Association, including first place awards for writer of the year, recreation feature, general feature, illustration, food feature, and travel package.

Measure	FY21 Actual	FY22 Actual	FY23 Target	FY22 Q1	FY22 Q2	FY22 Q3	Rating
Advertising revenue per issue, in thousands	$182.2	$1137	$75	$79	$95		G
Program Rating	G	G		Y			G

Tourism Development Program

The program provides tourism support for communities, regions, and other entities around the state by providing training, litter prevention, cultural heritage outreach, and financial support in the form of competitive grants. The program made collaboration with Native American partners a priority in recent years, hiring a full-time cultural heritage coordinator in late FY20. The New Mexico True Certified program continued to grow in FY22, and helped businesses weather the pandemic through creating holiday gift guides and various road trip guides. NMTD notes the New Mexico True Certified program has quadrupled since its creation in 2014 and is projected to continue growing as more businesses realize its branding potential.

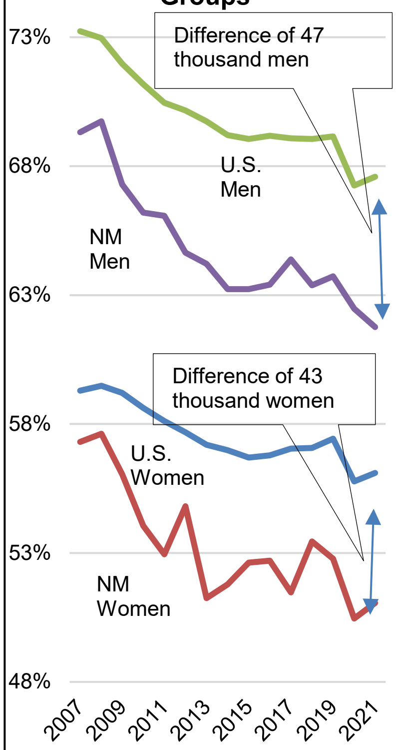
The Tourism Development Program's cooperative marketing grant initiative has also become a popular function of the agency. The grant, which requires matching funds from local governments, enhances local tourism campaigns with the expertise and brand power of the department while allowing communities chose attractions to highlight. The department worked with the state budget division and LFC staff to create new measures tracking the success of these programs as funding increases.

Budget: $2,305.8 **FTE:** 18 **Measure**	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Number of meetings or events conducted with Native American entities	21	23	70	12	4		Y
Number of participants in New Mexico True Certified Program	414	401	250	400	402		G
Program Rating		G		G			G

ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	Yes
Responsibility assigned?	Yes

U.S. and New Mexico Labor Force Participation for Select Groups



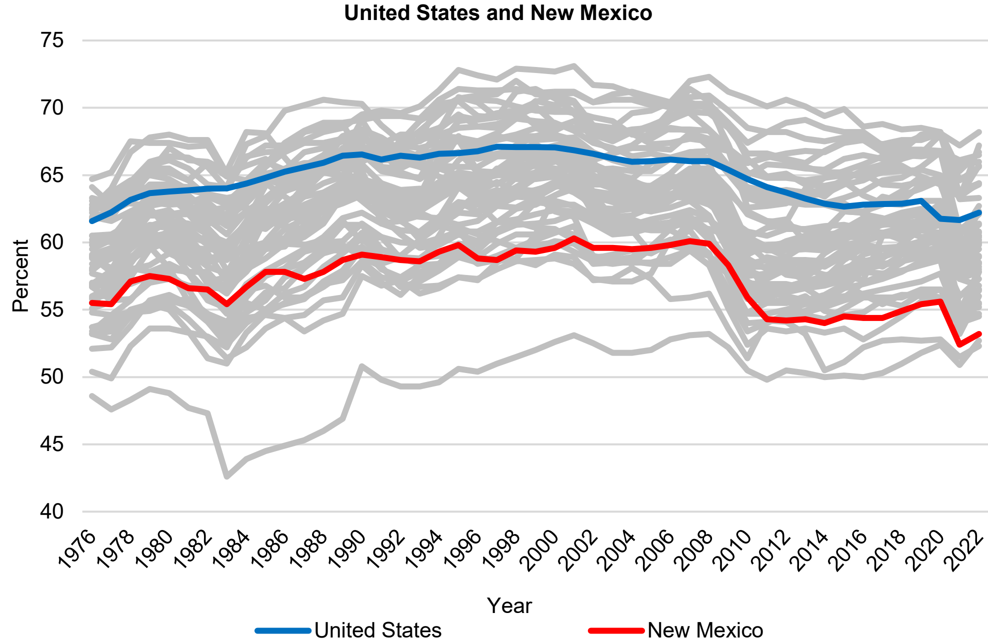
Source: WSD, BLS, U.S. Census

Workforce Solutions

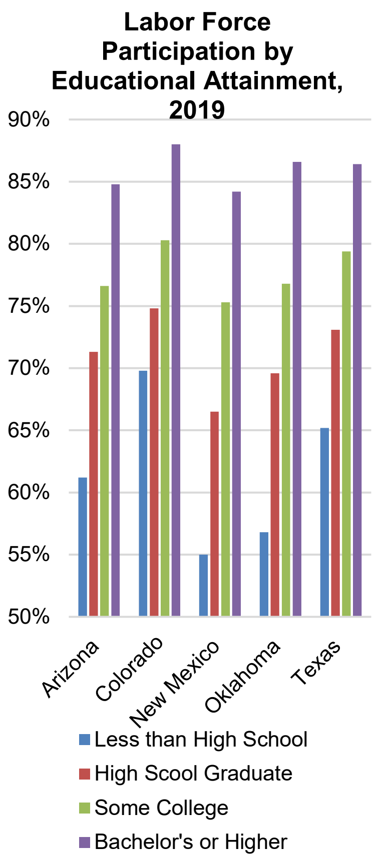
Teachers, nurses, social workers, service industry workers, and workers in several other sectors are in short supply. New Mexico's low unemployment rate and comparatively low labor force participation rate suggests the state should be doing more to entice prospective workers off the sidelines. A key April 2022 Workforce Solutions Department *Labor Market Review* that focused on the state's low labor force participation rate (LFPR) found participation rates dropped 9 percent between 1999 (peak LFPR) and 2021 for men between the ages of 25-34, the largest reduction for any age group and close to double the national decline. In 2021, the LFPR for men in New Mexico ranked third from the bottom nationally. Also in 2021, New Mexico had the fourth lowest LFPR among women and the reduction between 1999 and 2021 was greatest for women aged 35-44 at 5.2 percent. Between 2010 and 2020, participation dropped the most for those with just a high school education. The one bright spot showed women with children under 6-years-old participated in the labor force at a slightly higher rate than the national average. Since the report was issued nearly one year ago, the state's LFPR remained unchanged while the national rate continued to recover from the pandemic.

U.S. Bureau of Labor Statistics studies show low labor force participation rates cause rising dependency ratios because fewer workers are available to support those who do not work, higher tax rates because of a shrinking base, and slower economic growth because fewer people are working. Reasons for low participation include out-migration of working aged adults, an aging population, and more people receiving disability. The number of people receiving disability between 1999 and 2020 nearly doubled from 31 thousand to 61.3 thousand. The study also suggested a correlation between low LFPR and comparatively low real per capita income.

Labor Force Participation Rates
United States and New Mexico



Source: U.S. Bureau of Labor Statistics

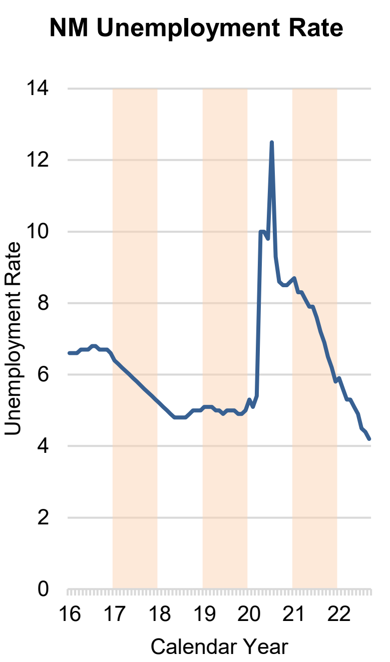


Source: U.S. Census

During the 2022 session, the department directly received $10 million for reemployment services, case management, and youth apprenticeships. The department says it has been working with the Public Education Department (PED) and convened a work group of businesses, trade unions, and PED representatives focused on work-based learning, and community college representatives to refine the plans for pre-apprenticeship programs, career specialists, and technological improvements with the two special appropriations, in addition to developing the plans for marketing trade careers through virtual reality experiential learning. However, nearly one year on from receiving these appropriations, the department has not spent any of the funding. Higher education institutions also received about $100 million for teaching endowments in social worker and nursing programs, $7 million for the teacher student loan repayment fund, and $20 million for work-study programs. There is no shortage of funding for training future workers but a plan and further coordination between the entities is needed to spend funding strategically.

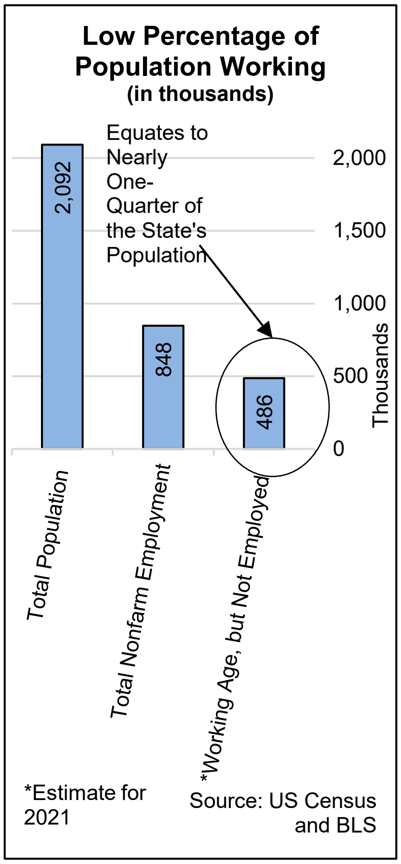
Employment Services

The Employment Services Program plays a key role in addressing the low LFPR and is a central player in developing a plan. The program oversees the state's network of workforce connections centers and operates several programs related to the federal Workforce Innovation and Opportunities Act (WIOA). Much of the $10 million discussed above could be used to augment already existing evidence-based workforce programs the federal government funds through WIOA. In the second quarter, 13.1 thousand individuals received employment services in a connections office, about 52 percent of the targeted 25 thousand. The plan to improve the participation rate will require a large outreach effort and case management ensuring prospective workers take advantage of generous state programs such as near universal childcare.

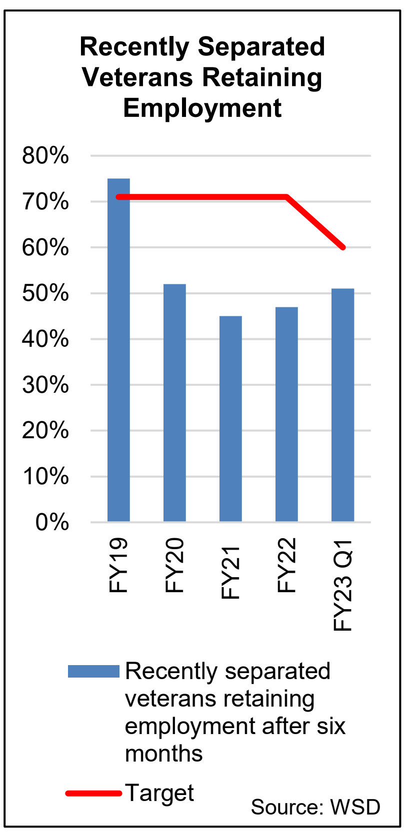


Source: WSD

Budget: $30,839.7 FTE: 368	**FY21 Actual**	**FY22 Actual**	**FY23 Target**	**FY23 Q1**	**FY23 Q2**	**FY23 Q3**	**Rating**
Average six-month earnings of individuals entering employment after receiving employment services in a Connections Office	$13,594	$15,076	$12,750	$14,956	$15,131		G
Recently separated veterans entering employment	47%	48%	60%	52%	51%		R
Unemployed disabled veterans entering employment after receiving workforce development services in a Connections Office	47%	46%	60%	50%	46%		R
Individuals receiving employment services in a Connections Office	107,366	60,116	100,000	11,193	13,115		R
Unemployed individuals employed after receiving employment services in a Connections Office	57%	51%	60%	59%	56%		Y
Individuals that have received employment services in a Connection Office, retaining employment services after six months	57%	55%	60%	63%	64%		G

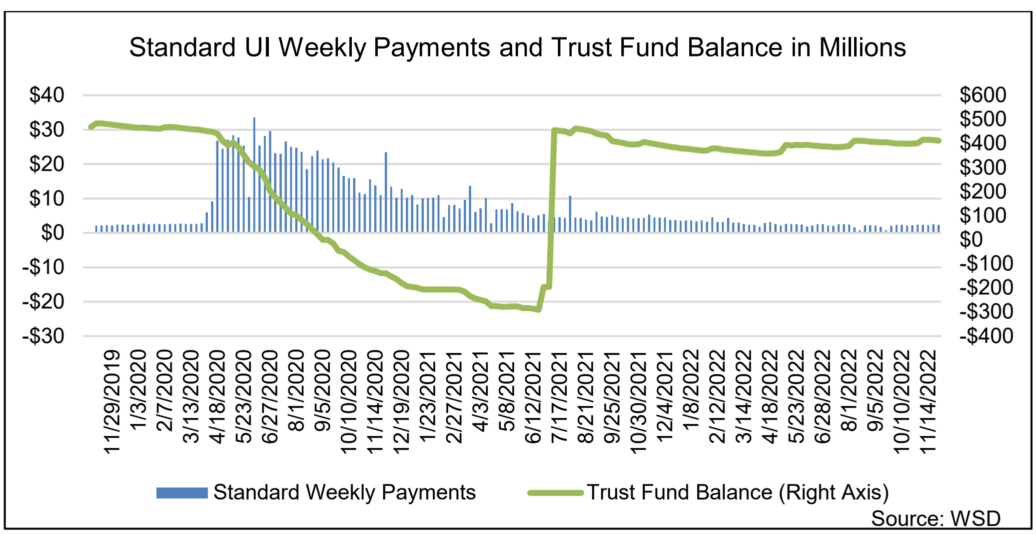


Recently separated veterans retaining employment after six months	45%	47%	60%	51%	53%		R
Average six-month earnings of unemployed veterans entering employment after receiving veterans' services in a Connections Office	$14,193	$18,800	$17,000	$19,609	$18,426		G
Average change in six-month earnings of working individuals after receiving employment services in a Connections Office	No report	$2,032	$800	$5,207	$4,995		G
Audited apprenticeship programs deemed compliant	67%	50%	75%	63%	0%		R
Total number of individuals accessing the agency's online Job Seeker portal	293,837	106,659	125,000	13,049	12,499		R
Apprentices registered and in training	1,837	1,883	1,800	2,118	2,152		G
Program Rating	Y	G					Y



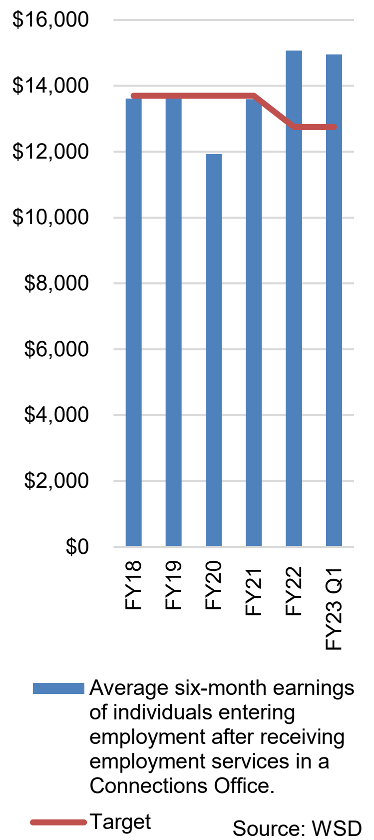
Unemployment Insurance

The Workforce Solutions Department 2022 annual *State of the Workforce* report found "the number of New Mexicans aged 65 years old and older grew more quickly than the rest of the U.S. and that the number of persons in the prime working age group of 25 to 54 declined by 2,864 people, or 0.4 percent in New Mexico. In the U.S., the number of persons in this age group increased by 0.5 percent." Additionally, the report notes "from 2016 to 2020, New Mexico lost about 25 thousand, nonfarm jobs, a decline of 5.4 percent. Although this was largely due to efforts to control the COVID-19 pandemic, the country showed an increase during this same period—the U.S. total nonfarm employment increased 3.0 percent."



Budget: $16,177.2 **FTE: 164**	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Eligible unemployment claims issued a determination within 21 days from the date of claim	55%	35%	80%	36%	38%		R

Six-Month Earnings After Receiving Employment Services



Source: WSD

Percent of all first payments made within 14 days after the waiting week	60%	52%	87%	50%	64%		R
Accuracy rate of claimant separation determinations	53%	65%	75%	45%	53%		R
Average wait time to speak with a customer service agent in the unemployment insurance operation center to file a new unemployment insurance claim, in minutes	18:69	7:19	18:00	14:18	17:44		G
Average wait time to speak with a customer service agent in the unemployment insurance operation center to file a weekly certification, in minutes	16:55	9:30	15:00	13:12	14:16		G
Program Rating	R	Y					Y

Labor Relations

In 2021, the Legislature passed the Healthy Workplaces Act requiring employers within the state to provide sick leave of one hour per 30 hours worked, with earned sick leave carrying over from year-to-year with the maximum total carryover not to be less than 64-hours. The department is required to investigate complaints related to the act, which may significantly increase investigations. The department posted guidance with frequently asked questions on its website to support businesses implementing the law.

Budget: $4,077.1 **FTE: 45.5**	**FY21 Actual**	**FY22 Actual**	**FY23 Target**	**FY23 Q1**	**FY23 Q2**	**FY23 Q3**	**Rating**
Investigated wage claims issued an administrative determination within 90 days	14%	50%	35%	20%	16%		R
Total public works projects inspected	0%	77%	45%	126%	85%		G
Discrimination claims investigated and issued a determination within two-hundred days	27%	28%	60%	49%	75%		G
Program Rating	R	Y					Y

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

PERFORMANCE REPORT CARD
Human Services Department
Second Quarter, Fiscal Year 2023

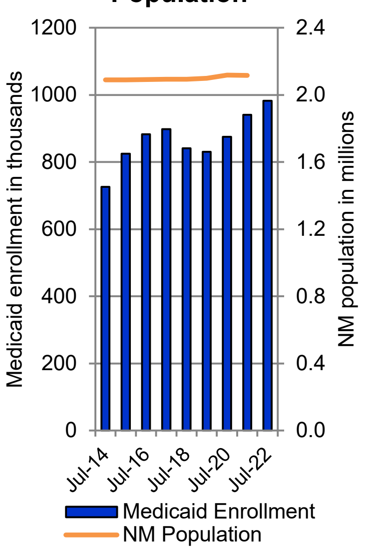
ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	No

The Medicaid caseload in August 2022 was 975,093 individuals, a 3.8 percent increase over a year ago. The count of Medicaid recipients increased by 3,600, or 0.4 percent, over July 2022.

In August 2022, 386,023 children were on Medicaid, an increase of 3,545 children, or 11.7 percent, over August 2021. However, the number of children on Medicaid decreased by 36 members, from August 2022 to July 2022.

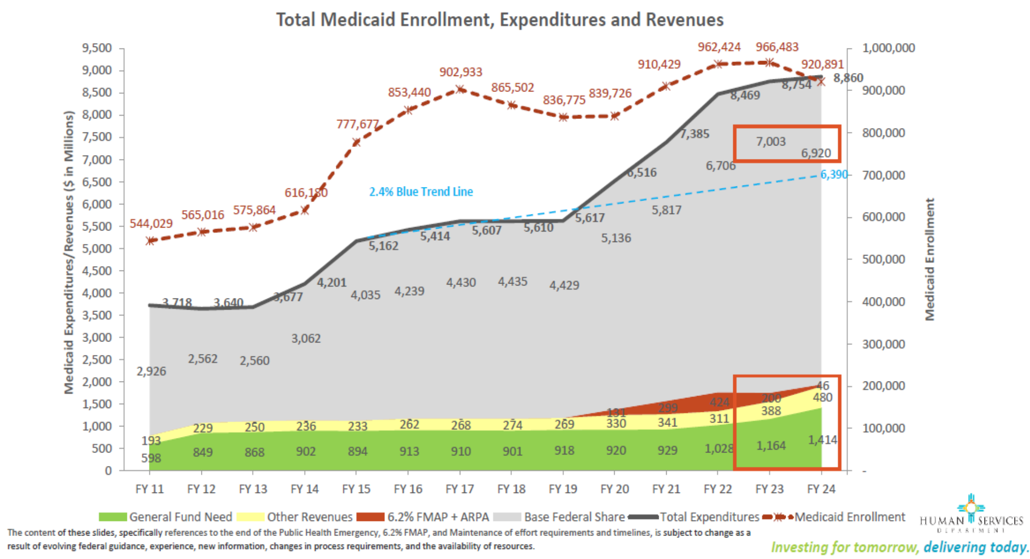
Total Medicaid Enrollment and Population



Source: HSD and FRED

The Human Services Department's Medicaid Program enrolls almost 50 percent of New Mexicans, making it the largest per capita Medicaid Program in the country. The Medicaid Program also represents approximately 14 percent of the state's general fund spending. However, much of Medicaid's performance appears to be lagging behind the targets. HSD reports performance is improving on certain Medicaid performance measures when compared with the same time period last year.

Medicaid managed care organizations (MCOs) receive per-member per-month (PMPM) payments for most Medicaid enrollees regardless of if they access services. Notably, utilization rates appear well below the projected levels on which the PMPM rates were built, resulting in HSD clawing back MCO recoupments. Network adequacy must be ensured to enable Medicaid clients have access to services funded through the MCOs.



Source: HSD

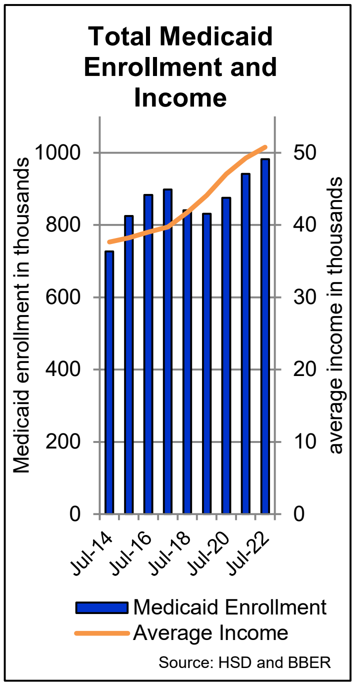
Labor force participation is needed at all levels in the state. However, the Income Support Division's (ISD) Temporary Assistance for Needy Families (TANF) Program reported 2.1 percent out of a targeted 37 percent of TANF recipients earned sufficient income to impact their eligibility to receive cash assistance. The Workforce Solutions Department is tasked with assisting TANF participants with workforce and educational opportunities. SNAP enrollments and recertifications are also lagging behind levels required by the federal government and under the *Debra Hatten-Gonzales* lawsuit.

Pandemic-Related Enrollment and Funds. The public health emergency (PHE), federal policy, and workforce participation greatly impact the Medicaid program's enrollment, utilization, costs, and outcomes. In 2020, the federal Families First Coronavirus Response Act included a 6.2 percent increase in the federal Medicaid matching rate. States receiving the increase are required to continue Medicaid eligibility for any individuals enrolled during the public health emergency that ends May 11, 2023. During the PHE between March 2020 and March 2022, Medicaid enrolled over 160 thousand new members, for a total approaching 985 thousand. In addition, over 18 thousand people living out-of-state were incorrectly enrolled in Medicaid and the program is in the process of recouping PMPM funds from MCOs for these members.

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

PERFORMANCE REPORT CARD
Human Services Department
Second Quarter, Fiscal Year 2023

HSD will begin unwinding or disenrolling ineligible Medicaid clients beginning in April 2023. In March 2023, HSD sent out over 40 thousand letters requesting Medicaid enrollees recertify their enrollment in the program. These letters targeted both the PHE "maintenance of effort" enrollees as well as regular Medicaid clients. More recertifications will be forthcoming during ensuing months.

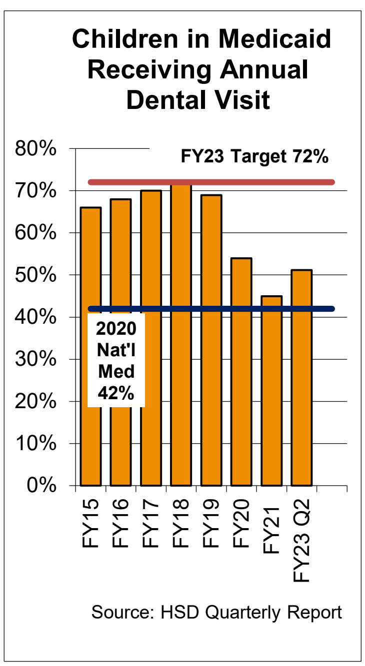


Medical Assistance Division

The Medicaid Program reported data for all performance measures in the first quarter. However, performance is not on trend to meet targeted levels. Notably, when comparing FY23 second quarter data with FY22 second quarter data, multiple performance measures show improvement and are trending in a positive direction.

For the second quarter, a reported 40.2 percent out of a targeted 67 percent of children received one or more well-child primary care visits. HSD reports this rate is based on Healthcare Effectiveness Data and Information Set (HEDIS) specifications, which are based on a calendar year and do not align with the state fiscal year quarterly reporting. MCO strategies to improve well-child visits include increasing outreach calls, instituting value-based contracts with providers, creating a reward program for well-child visit compliance, offering assistance with scheduling appointments and transportation, and implementing a member texting campaign.

Home Visiting. Participation in the Centennial Home Visiting program (CHV) remains low despite federal and Medicaid funding for the program. CHV, established in 2020, provides in-home services to young children, children with special healthcare needs, and parents and primary caregivers. CHV's goals are to improve maternal and child health, promote child development and school readiness, encourage positive parenting, and connect families to support in their communities. MAD could leverage the Centennial Rewards program to incentivize CHV participation.



Budget: $7,269,255.3 **FTE: 219.5**

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	Rating
Infants in Medicaid managed care who had six or more well-child visits with a primary care physician during their first 15 months*	51%	49.6%	N/A	55%	61.3%	Y
Children and adolescents ages 3 to 21 enrolled in Medicaid managed care who had one or more well-care visits during the measurement year*	39.3%	16.7%	67%	28.7%	40.2%	Y
Children ages 2 to 21 enrolled in Medicaid managed care who had at least one dental visit during the measurement year	56%	37.7%	72%	44.7%	51.2%	Y
Hospital readmissions for children ages 2 to 17 within 30 days of discharge	6.7%	6.8%	<5%	7.3%	7.6%	R
Hospital readmissions for adults 18 and over within 30 days of discharge	8.8%	11%	<8%	11.2%	11.9%	R
Emergency department use categorized as nonemergent care	50%	53%	45%	53%	55%	R
Newborns with Medicaid whose mothers received a prenatal care visit in the first trimester or within 42 days of enrollment in the managed care organization*	70%	59.3%	83%	59.4%	63%	Y
Medicaid managed care members ages 18 through 75 with diabetes, types 1 and 2, whose HbA1c was >9 percent during the measurement year*	53%	77.4%	86%	72.8%	66.5%	R
Program Rating	Y	R				Y

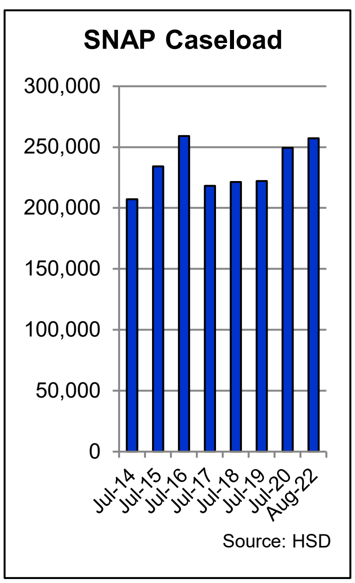
*Measures are HEDIS measures, which represent a tool used by more than 90 percent of America's health plans to measure performance on important dimensions of care and service. The most recent unaudited data available reported under FY22 actuals includes the last two quarters of FY22. The data for HEDIS measures is preliminary and will be finalized in June 2023.

The Office of Superintendent of Insurance (OSI) implemented network adequacy compliance reporting requirements for commercial health insurance beginning January 1, 2022. OSI also implemented more rigorous standards for existing network adequacy compliance reporting.

Medicaid MCOs should be required to comply with OSI regulations for network adequacy and reporting as well as federal requirements.

The Supplemental Nutrition Assistance Program (SNAP) caseload in August 2022 was 257,176, a 7.2 percent decrease from a year ago and an increase of 6,517 cases, or 2.6 percent, over July.

The Temporary Assistance for Needy Families (TANF) caseload was 10,803 in August 2022, a decrease of 10.3 percent from a year ago and a decrease of 84 cases, or 0.8 percent, below July.



Income Support Division

The Income Support Division's (ISD) Temporary Assistance for Needy Families (TANF) and Supplemental Nutrition Assistance Program (SNAP) caseloads rose over the previous year but began declining at the end of FY22. The performance measure "TANF recipient's ineligible for cash assistance due to work-related income" reflects adults whose new employment income exceeded TANF guidelines. Despite unemployment substantially declining in New Mexico, just 2 percent of TANF recipients were ineligible for cash assistance due to work-related income.

The Workforce Solutions Department (WSD) is partnering with ISD to establish employment placements for TANF Career Link Program and Wage Subsidy Program participants. WSD started a campaign called "Ready NM" with access to training, education, and employment resources that can assist TANF participants.

HSD reports it is not meeting timeliness requirements for SNAP enrollments. Enrolling expedited cases within a seven-day timeframe is required by the federal government, unless there is a waiver. ISD reports it has a special dedicated team to work on enrolling expedited cases and is also working with WSD and Department of Health to identify staff to work overtime to assist with outstanding recertifications as well as contracting with temporary staff.

Budget: $1,086,913.5 **FTE: 1,134**

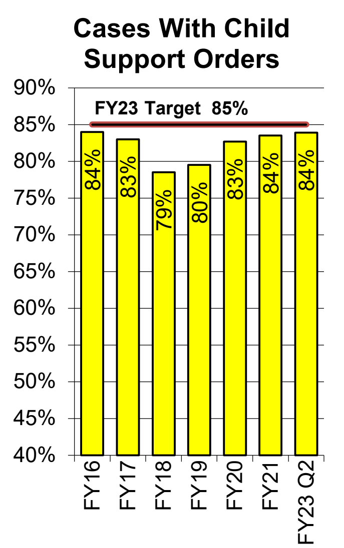
	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	Rating
Regular Supplemental Nutrition Assistance Program cases meeting the federally required measure of timeliness of 30 days	98.6%	89%	98%	38.5%	66.5%	R
Expedited Supplemental Nutrition Assistance Program cases meeting federally required measure of timeliness of seven days	98.5%	75.5%	98%	62.5%	70.8%	R
Temporary Assistance for Needy Families recipients ineligible for cash assistance due to work-related income	7.6%	0.8%	37%	1.6%	2.1%	R
Two-parent recipients of Temporary Assistance for Needy Families meeting federally required work requirements	3.5%	2.9%	52%	10.6%	16.6%	R
All families receiving Temporary Assistance for Needy Families meeting federally required work requirements	4.2%	2.8%	37%	6.4%	7.3%	R
Program Rating	Y	R				R

Child Support Enforcement Division

The Child Support Enforcement Division (CSED) is modernizing the program to set accurate child support obligations based on the noncustodial parent's ability to pay alongside increasing consistent and on-time payments to families, moving nonpaying cases to paying status, improving child support collections, and incorporating technological advances that support good customer service and cost-effective management practices. CSED expected performance to improve with these efforts; however, performance for all FY22 CSED performance metrics fell short of targeted levels.

HSD's partnership with the Workforce Solutions Department (WSD) does not yet appear to be positively affecting work program performance outcomes for TANF participants. WSD is slated to assist TANF participants with gaining skills, experience, and resources to improve the family's financial stability, find employment, and earn living wages.

WSD previously reported staffing issues. However, at the end of FY22, WSD's TANF program reported a vacancy rate of only 8 percent. With TANF caseloads declining, low statewide unemployment, and more WSD staff, hopefully TANF outcomes will rebound to prepandemic levels.



Source: HSD Quarterly Report

CSED reported child support collections totaled $27.8 million which is on trend to fall short of the FY23 target of $145 million. However, collections typically show an increase in the third and fourth quarters of the year. CSED is assisting unemployed or underemployed noncustodial parents through the Supporting, Training, and Employing Parents Up Program. The program is in collaboration with WSD to develop job opportunities to assist noncustodial parents with meeting their child support obligations. During the 2021 legislative session, statutory changes were made to assist CSED with setting orders based on new guidelines and reviewing cases for possible modifications for right-sized court orders that the noncustodial parents can pay on a more consistent basis. Implementation of those changes began in July 2021 and early data is showing promise for FY23 performance.

Beginning in January 2023, the distribution of child support payments will move to a Families First model, with more payments going directly to families and children rather than for TANF recoveries. This change should improve the performance of child support owed that is collected.

Total dollars collected per dollars expended is a federal fiscal year performance measure. The FY22 actual performance for this measure decreased from the previous fiscal year due to several IT expenditures for modernization projects, including the mainframe platform project implemented in February 2022. CSED is in the planning stages of replacing its current child support enforcement IT system, which should continue to enhance the program's performance efficiency.

Budget: $35,995.4 **FTE: 370**

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	Rating
Noncustodial parents paying support per total cases with support orders	55.7%	52.4%	58%	50.1%	50.3%	R
Total child support enforcement collections, in millions	$147.4	$130.3	$145	$28.7	$27.8	Y
Child support owed that is collected	60.9%	57.6%	60%	56.8%	56.7%	R
Cases with support orders	83.5%	83.1%	85%	83.9%	84.1%	Y
Total dollars collected per dollars expended	$2.90	$2.69	$4.00	No Report	No Report	R
Average child support collected per child	NEW	$127.92	N/A	$116.07	$113.96	Y
Program Rating	R	R				Y

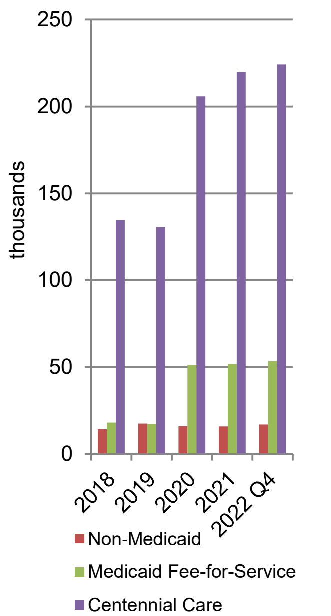
Note: Children with paternity acknowledged or adjudicated are reported in the federal fiscal year.

PERFORMANCE REPORT CARD
Behavioral Health Collaborative
Second Quarter, Fiscal Year 2023

ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	No

Individuals Served Annually in State-Funded Substance Abuse or Mental Health Programs



Source: HSD

Notable behavioral health interventions include San Juan County's Mental Wellness Center, a service and access hub, and Santa Fe County's Connect program, a "no wrong door approach" to assisting persons with behavioral health needs and addressing other social determinants of health.

Since 2017, behavioral health providers have increased in the state by over 50 percent. Yet about one in three hospitals do not offer medication-assisted therapy (FY21), just over 1 percent of Medicaid recipients received screening, brief intervention and referral to treatment (SBIRT), and Department of Health facilities offer evidence-based programs but operate below capacity. Behavioral health performance outcomes remain poor in New Mexico and the state continues to have some of the worst behavioral health outcomes in the country. In recent years, state and federal funding for behavioral health have notably increased in both the Medicaid Program and the Behavioral Health Services Division. Several initiatives have been implemented; however, these efforts may not yet be fully reflected in the behavioral health performance outcomes.

The Behavioral Health Collaborative (BHC) needs to enhance its role coordinating overarching behavioral health services across state agencies, including Medicaid. Performance data across agencies would provide a comprehensive overview of the systemic outcomes. BHC is in the process of procuring an administrative services organization (ASO), with the current ASO being Falling Colors. Comprehensive data shared by the ASO would be helpful in tracking performance across departments.

Existing Problem

New Mexico had some of the poorest substance use and behavioral health outcomes in the country even before the Covid-19 pandemic further exacerbated anxiety, depression, and substance use. In New Mexico, 19 percent of adults experience mental illness, and as of 2020, New Mexico had the second highest suicide rate in the nation, a rate of 24.8 per 100 thousand people. BHSD reports in the past year over 60 percent of adults with moderate mental illness and 30 percent of adults with serious mental illness did not receive treatment.

The U.S. Centers for Disease Control and Prevention reports in 2020 New Mexico had the 11th highest drug overdose death rate in the United States. New Mexico's drug overdose death rate was 39 per 100 thousand. New Mexico's alcohol-related death rate, 86.6 per 100 thousand people, was over twice the U.S. rate of 41.5. About two out of three drug overdose deaths in New Mexico in 2020 involved an opioid, and the methamphetamine death rate grew 2.8 times higher than in 2015. The fentanyl-involved death rate in 2020 was seven times greater than in 2016.

Behavioral Health System of Care

Access to Behavioral Health Services. In 2021, BHSD reported there were 6,295 prescribing and 4,057 nonprescribing Medicaid behavioral health providers in New Mexico. Total behavioral health practitioners increased from approximately 500 providers. Behavioral health organizations grew from 368 in 2020 to 388 in 2021. The total number of behavioral health encounters provided by a behavioral health professional or nonbehavioral professional increased from 2,498,234 in 2020 to 2,985,516 encounters in 2021.

A dedicated crisis line was also created for healthcare practitioners. Priorities are to train and provide ongoing coaching to providers on evidence-based practices that can be delivered via telehealth; enhance the statewide crisis and access line; screen, assess, and serve the health workforce; implement peer recovery supports; and support the network of crisis response, including telepsychiatry.

Provision of Behavioral Health Services. During the pandemic, New Mexico Medicaid managed care organizations (MCOs) and non-Medicaid programs allowed behavioral health providers to bill for telephone visits using the same rates as in-person visits. In FY20, 22,575 unduplicated members were served through telehealth services. However, in FY23 the use of telehealth and telephone services to provide behavioral health services is holding steady. In the first quarter, 38,089 unduplicated persons were served in rural and frontier areas through telemedicine as compared with 38,096 persons served last year. The decline is attributed to the lag in claims reporting and decreased utilization as the pandemic declines and people return to office visits. The 2023 Legislature appropriated $1 million in opioid settlement funding to support telehealth services where behavioral health providers may not be available, particularly in rural areas.

Health providers who do not solely specialize in behavioral health are providing an increasing number of behavioral health services. HSD's Primary Care Council is intent on incorporating behavioral health into primary care to bolster support for a behavioral health workforce that is not large enough to meet the needs of state residents.

Alcohol Abuse, Opioids, and Overdoses

The Department of Health's *New Mexico Substance Use Epidemiology Profile, 2021* indicates New Mexico had the highest alcohol-related death rate in the United States since 1997. New Mexicans die of alcohol-related causes at nearly three times the national average, higher than any other state. Alcohol is involved in more deaths than fentanyl, heroin, and methamphetamine combined. Negative consequences of using excessive alcohol also affect domestic violence, crime, poverty, unemployment, and exacerbates mental illness, all of which are social determinants of health.

According to the federal Substance Abuse and Mental Health Services Administration, 75 percent of people addicted to opioids began taking the drugs with a prescription.

Unintentional drug overdoses accounted for almost 86 percent of drug overdose deaths from 2015 to 2019 in New Mexico, according to the Department of Health. Forty-five percent of those accidental overdoses were caused by prescription opioids and 33 percent by heroin. Of those preventable deaths, nearly 40 percent were of Hispanic males and 18 percent were Hispanic females.

BHC Budget: $924,292.1 **FTE: 53**

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	Rating
Adult Medicaid members diagnosed with major depression who received continuous treatment with an antidepressant medication	38.3%	40%	39.3%	42.7%	42.8%	G
Medicaid members ages 6 to 17 discharged from inpatient psychiatric hospitalization stays of four or more days who receive follow-up community-based services at seven days	53.7%	50.8%	51%	53.5%	53.5%	G
Medicaid members ages 18 and older discharged from inpatient psychiatric hospitalization stays of four or more days who receive follow-up community-based services at seven days	53.7%	31.8%	51%	32.8%	32.7%	R
Increase in the number of persons served through telehealth in rural and frontier counties*	68.8%	-8%	N/A	-0.1%	-7.2%	Y
Readmissions to same level of care or higher for children or youth discharged from residential treatment centers and inpatient care	10.8%	8.1%	5%	5.7%	6.1%	R
Individuals served annually in substance use or mental health programs administered by the Behavioral Health Collaborative and Medicaid	200,932	212,486	200,000	256,241	294,958	G
Emergency department visits for Medicaid members ages 13 and older with a principal diagnosis of alcohol or drug dependence who receive follow-up visit within seven days and 30 days	13.3% 7day; 19.7% 30 day	12.6% 7 day; 19.6% 30 day	25%	13% 7 day; 20.2% 30 day	12.4% 7 day; 19.8% 30 day	R
Persons receiving telephone behavioral health services in Medicaid and non-Medicaid programs	NEW	62,439	60,000	25,919	34,748	G
Program Rating	R	R				Y

*Measure is classified as explanatory and does not have a target.

ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	No

The U.S. Center for Disease Control (CDC) reported in 2019 37.5 percent of New Mexico high school youth reported currently using any tobacco product, including e-cigarettes. Among New Mexico high school youth, 8.9 percent reported currently smoking cigarettes.

The CDC also reported in New Mexico 9 percent of cigarette smokers are Spanish-speaking, but only 5 percent of the state's Quitline users are.

Department of Health

The Department of Health (DOH) reported some improvements in performance across the agency during the second quarter of FY23.

Public Health

The mission of public health is to reduce the leading causes of preventable death and disability, especially for underserved populations and those with health disparities. The Public Health Program reported mixed performance during the second quarter of FY23. Programs dedicated to smoking cessation activities continued to report low performance. Tobacco use can lead to tobacco or nicotine dependence and serious health problems. Public health programs nationally have been focused on reducing nicotine activities to prevent the risk of developing smoking-related diseases. The U.S. Center for Disease Control (CDC) reports cigarette smoking as the leading cause of preventable disease and death in the United States. In 2020, an estimated 12.5 percent (30.8 million) of U.S. adults currently smoked cigarettes.

Budget: $213,192.6 **FTE:** 786	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Percent of female New Mexico department of health's public health office family planning clients, ages fifteen to nineteen, who were provided most or moderately effective contraceptives	88.8%	86%	62.5%	88.6%	85.3%		G
Percent of school-based health centers funded by the department of health that demonstrate improvement in their primary care of behavioral healthcare focus area	73%	91%	≥95%	Reported Annually			
Percent of New Mexico adult cigarette smokers who access New Mexico department of health cessation services	1.9%	1.9%	≥2.6%	0.3%	0.3%		R
Number of successful overdose reversals in the harm reduction program	2,572	3,420	2,750	965	722		G
Percent of preschoolers ages nineteen to thirty-five months indicated as being fully immunized	65%	66%	≥65%	68%	70%		G
Number of community members trained in evidence-based suicide prevention practices	NA	NA	225	126	248		G
Program Rating	R	R					Y

*Measure is classified as explanatory and does not have a target.

Epidemiology and Response

The Epidemiology and Response Program monitors and provides health information, prevents disease and injury, promotes health and healthy behaviors, responds to public health events, prepares for health emergencies, and provides emergency medical and trauma services and vital records to New Mexicans. Program performance metrics in the program are centered on improving health statuses, substance use deaths, and suicide prevention. The program has failed to reach targeted performance measures. The

In December 2021, DOH reported520 New Mexico residents died by suicide in 2020, an increase of five suicides as compared to 2019. New Mexico had the fourth highest age-adjusted rate for suicides in the nation in 2019. New Mexico had a crude suicide rate of 24.6 deaths per 100,000 residents in 2020, 23 percent higher than the crude rate in 2010 (19.9 deaths per 100,000 residents).

In September 2022, DOH reported provisional data show a small decline in the 2021 rate of suicide among youth ages 5 to 18 years compared with the year before. Final figures from 2021 are expected in mid-to-late fall of this year.

program identified five emergency department with higher than average rates of suicide attempts that also had the capacity to implement a secondary prevention of suicide program. As of September 2022, the five identified emergency department sites were Christus St. Vincent Regional Medical Center, Presbyterian Espanola Hospital, Taos Holy Cross Hospital, Artesia General Hospital, and San Juan Regional Medical Center.

Budget: $127,901.5 **FTE:** 298	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Number of people admitted to the emergency department of participating hospitals with a suicide diagnosis	NA	NA	3,408	71	69		G
Percent of death certificates completed by bureau of vital records & health statistics within ten days of death	50%	50%	64%	55%	56%		R
Percent of hospitals with emergency department based self-harm secondary prevention programs	2.5%	5%	7%	5%	5%		R
Rate of persons receiving alcohol screening and brief intervention services	52.2	69.1	72.6	Not Reported	Not Reported		R
Program Rating	R	R					R

*Measure is classified as explanatory and does not have a target.

Scientific Laboratory

The Scientific Laboratory Division (SLD), which provides a wide variety of laboratory services and programs that support the citizen and other agencies in New Mexico, did not meet targets for the second quarter of FY23. However, previous fiscal years set the timeline for this performance measure at 30 days, and it is now 15 days. During the quarter, 99 percent of cases were analyzed in 30 days and 88 percent of cases were analyzed in 15 days.

Budget: $15,956.0 **FTE:** 191	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Percent of blood alcohol tests from driving-while-intoxicated cases completed and reported to law enforcement within fifteen calendar days	NA	NA	95%	81%	88%		R
Program Rating	G	G					R

*Measure is classified as explanatory and does not have a target.

Facilities Management

The global pandemic continued to affect the intake and capacity of the Facilities Management Program (FMD), which provides services for behavioral healthcare for adults and adolescents, addictions treatment services, long-term care, and transitional living services. Many of the state facilities with declining occupancy will also experience significant operational funding strains if they are unable to reverse the trend. To increase census, the program is developing a needs assessment at the facility level to determine how to safely open more beds and which provided recommendations, such as developing recruitment and retention campaigns and case mix, can be implemented to ensure admitted patients will not necessitate an immediate increase in staffing. During the second quarter of FY23, the facilities statewide census was 42 percent of total beds. Additionally, the program has continued to report failing to meet targeted performance of third-party revenue collections, vital to FMD's financial stability.

Budget: $183,833.3 FTE: 1,930	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Number of medication errors causing harm per one thousand patient days within identified categories	0.6	0.2	2.0	0	0		G
Percent of medical detox occupancy at Turquoise Lodge Hospital	70%	69%	75%	68%	74%		Y
Percent of medication assisted treatment utilized in the management of opioid use disorders while at Turquoise Lodge Hospital	NA	73%	65%	100%	100%		G
Percent of patients educated on medication assisted treatment options while receiving medical detox services	NA	89%	90%	99%	50%		R
Percent of patients eligible for naloxone kits who received the kits	NA	NA	50%	26%	61%		G
Percent of licensed beds occupied	58%	52%	75%	41%	42%		R
Percent of eligible third-party revenue collected at all agency facilities	92%	93%	93%	82%	84%		R
Program Rating	R	R					Y

*Measure is classified as explanatory and does not have a target.

Developmental Disabilities Supports

DOH reported an increase in the number of individuals receiving services in the Developmental Disabilities (DD) and Mi Via Medicaid waivers programs. The number of individuals on the waiting list is decreasing, and as the program continues, it plans to eliminate the list. In addition to the provider rate, which will increase in FY23, DD waiver providers statewide recently received a one-time payment of $136 million. This payment is part of the federal plan for "super allocation"; DD providers will receive temporary Covid-19 economic recovery payments, which will boost provider rates over three years starting at 15 percent in year one and scaling down to 10 percent in year two and 5 percent in year three.

Budget: $193,412.8 FTE: 204	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Percent of adults between ages 22 and 64 served on a developmental disabilities waiver (traditional or mi via) who receive employment supports	18.4%	9.8%	27%	9.5%	9.5%		R
Percent of general event reports in compliance with general events timely reporting requirements (two-day rule)	83%	85%	86%	88%	91%		G
Percent of developmental disabilities waiver applicants who have a services plan and budget in place within ninety days of income and clinical eligibility determination	97%	96%	95%	90%	85%		R
Program Rating	R	G					Y

*Measure is classified as explanatory and does not have a target.

Health Certification Licensing and Oversight

The Health Certification, Licensing, and Oversight Program met a majority of performance measures targets during the first quarter of FY23. The program reported a lower rate of re-abuse for individuals on the Developmental Disabilities and Mi Via waivers, a key indicator for safety.

Budget: $17,510.0 **FTE:** 174	**FY21 Actual**	**FY22 Actual**	**FY23 Target**	**FY23 Q1**	**FY23 Q2**	**FY23 Q3**	**Rating**
CMS: Percent of nursing home survey citations upheld when reviewed by the Centers for Medicare and Medicaid Services and through informal dispute resolution process	77%	88%	90%	100%	100%		G
IDR: Percent of nursing home survey citations upheld when reviewed by the Centers for Medicare and Medicaid Services and through informal dispute resolution process	90%	57%	90%	75%	66%		R
Percent of abuse, neglect, and exploitation investigations completed according to established timelines	96%	95%	86%	96%	96%		G
Percent of acute and continuing care facility survey statement of deficiencies (CMS Services form 2567/state form) distributed to the facility within 10 days of survey exit	82%	86%	85%	93%	88%		G
Re-abuse rate for developmental disabilities waiver and mi via waiver clients	6%	6%	NA	1.4%	0.7%		G
Program Rating	Y	Y					G

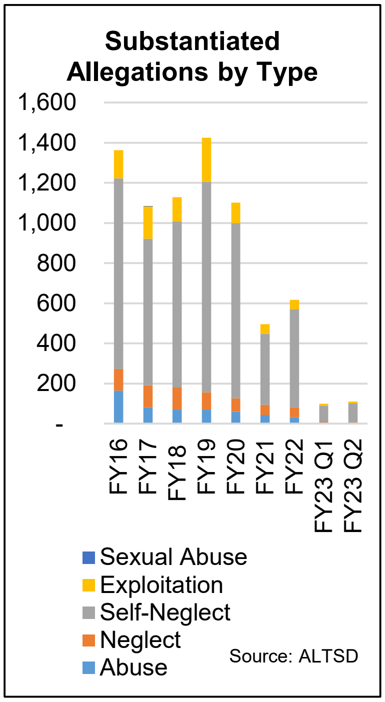
*Measure is classified as explanatory and does not have a target.

PERFORMANCE REPORT CARD
Aging and Long-Term Services Department
Second Quarter, Fiscal Year 2023

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	Yes
Responsibility assigned?	No



The Aging and Long-Term Services Department (ALTSD) reported some decline in performance during the second quarter of FY23. The department's mission is to serve older adults and adults with disabilities so that they can remain active, age with dignity, be protected from abuse, neglect, and exploitation, and have equal access to healthcare.

Consumer and Elder Rights

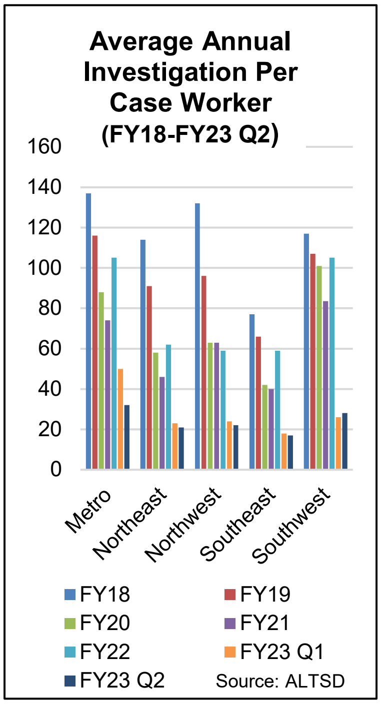
During the second quarter of FY23, the Aging and Disability Resource Center (ADRC) received 6,926 calls, an average of 115 per day, on trend with the close of FY22 but lower than prepandemic levels. The department reported consistent turnover contributed to the high vacancies and low performance. Additionally, the program is exploring an upgrade to the call system to alleviate the issue of abandoned calls, allowing immediate callbacks instead of calls going to voicemail. The top topics for which people contact ADRC include assistance with Medicaid, Medicare, senior centers, and Covid-19. The program reported ombudsmen in-person visits to nursing homes and assisted-living facilities is increasing as pandemic restrictions change.

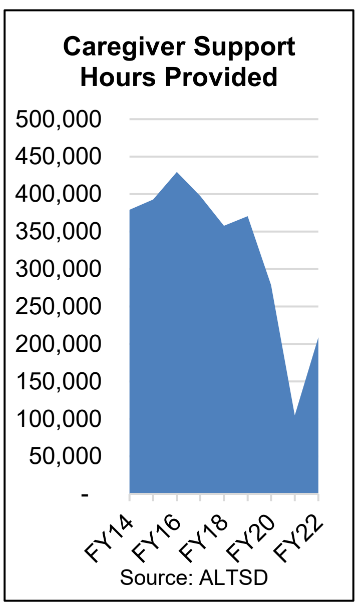
Budget: $5,185.7 **FTE:** 48	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Percent of calls to the Aging and Disability Resource Center that are answered by a live operator	44%	52%	90%	87%	82%		R
Percent of residents who remained in the community six months following a nursing home care transition	84%	86%	90%	98%	98%		G
Percent of individuals provided short-term assistance that accessed services within 30 days of a referral from options counseling	99%	81%	92%	85%	75%		R
Percent of facilities visited monthly	18%	32%	40%	36%	39%		Y
Percent of ombudsman complaints resolved within 60 days	93%	99%	97%	100%	100%		G
Program Rating	R	R					Y

Adult Protective Services

The Adult Protective Services Program (APS) began reporting on repeat maltreatment substantiations within six months of a previous substantiation of abuse or neglect in FY21. This performance measure assists the state in assessing the effectiveness of the program in preventing maltreatment. In the second quarter of FY23, the program continued to report no instances of repeat maltreatment. Additionally, the program reported an increase in the number of investigations and may reach annual targeted performance. The program met the performance target for priority investigations, making face-to-face contact quickly and increased the outreach events. Previously, the department was providing outreach through virtual platforms, but it is now returning to a regionally based outreach approach.

Budget: $14,408.8 **FTE:** 128	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Number of Adult Protective Services investigations of abuse, neglect, or exploitation	4,355	5,550	6,150	1,537	1,591		G
Percent of emergency or priority one investigations in which a caseworker makes initial face-to-face contact with	99%	99%	99%	99%	100%		G





the alleged victim within prescribed timeframes							
Percent of repeat abuse, neglect, or exploitation cases within six months of a substantiation of an investigation	4%	0%	5%	0%	0%		G
Number of outreach presentations conducted in the community within adult protective services' jurisdiction	132	180	141	70	99		G
Percent of contractor referrals in which services were implemented within two weeks of the initial referral	64%	60%	99%	70%	73%		R
Number of referrals made to and enrollments in home care and adult day care services as a result of an investigation of abuse, neglect, or exploitation	89	238	600	25	56		R
Percent of priority two investigations in which a caseworker makes initial face to face contact with the alleged victim within prescribed time frames	99%	98%	99%	98%	99%		G
Program Rating	R	R					Y

Aging Network

The Aging Network is not on track to meet targeted performance for the hours of caregiver support for FY23 and continues to fall below prepandemic levels. Services included in this measure are home care, adult daycare, respite care, and counseling and support groups. These services are provided by area agencies on aging, contract providers, and the New Mexico chapter of the Alzheimer's Association. The department reported the number of hours of caregiver support were 13,027 hours of respite care, 16,000 of adult daycare, 12,341 hours of homemakers, and 3,121 hours of other support services.

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Budget: $45,535.0 **FTE:** 18							
Percent of older New Mexicans receiving congregate, and home delivered meals through Aging Network programs that are assessed with "high" nutritional risk	16%	15%	15%	16%	17%		G
Number of hours of services provided by senior volunteers, statewide	607,258	733,910	1,700,000	140,199	98,659		R
Number of outreach events and activities to identify, contact and provide information about aging network services to potential aging network consumers who may be eligible to access senior services but are not currently accessing those services	1,135	802	50	138	224		G
Number of meals served in congregate, and home delivered meal settings	5,141,387	4,443,066	4,410,000	1,052,231	957,658		Y
Number of transportation units provided	68,180	136,426	637,000	53,723	50,630		R
Number of hours of caregiver support provided	104,730	167,701	444,000	48,986	44,490		R
Program Rating	R	R					R

ACTION PLAN

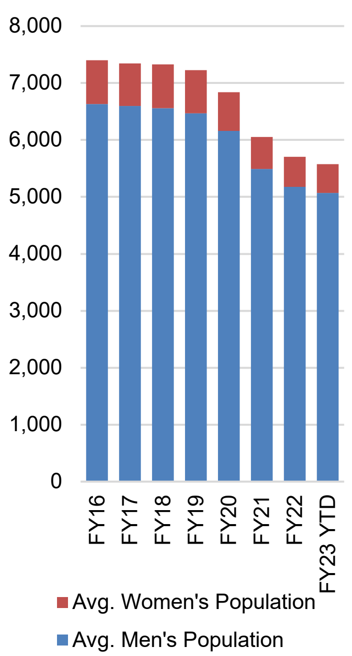
Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	No

Corrections Department

In the second quarter of FY23, the Corrections Department (NMCD) continued to see declines in its incarcerated population but saw little change in its key performance metrics compared with the prior quarter. Overall recidivism remained steady, and over one-in-three correctional officer positions remained vacant.

Population trends and admissions data suggest the inmate population may be stabilizing after falling almost every month for over three years. The total prison population averaged 5,703 in FY22, down 5.7 percent from FY21 and 22.9 percent lower than the population high in FY16. Over the first half of FY23, the population averaged 5,565, down 2.4 percent compared with FY22's average, and the population fell further in the first two months of 2023, with prisons holding an average of just 5,499 inmates in February.

Average Prison Population
FY16 to FY23 YTD (Q1 & Q2)



Source: NMSC

Inmate Management and Control

NMCD created a new Reentry Program starting in FY23, which consolidates the budgets of the Recidivism Reduction and Education bureaus, previously part of the Inmate Management and Control (IMAC) Program, as well as transitional services and community corrections contracts, previously part of the Community Offender Management (COM) Program. As a result, measures related to recidivism, education, and other programming previously reported under IMAC were transitioned to Reentry.

Staffing. Public and private correctional officer vacancies remain high, at 34 percent and 38 percent, respectively, for the second quarter of FY23. The Penitentiary of New Mexico drives public correctional officer vacancies, with an average of about 127 correctional officer positions unfilled during the second quarter of FY23. Around half of the custody positions were vacant at Guadalupe County Correctional Facility in Santa Rosa and Northeast New Mexico Correctional Facility in Clayton.

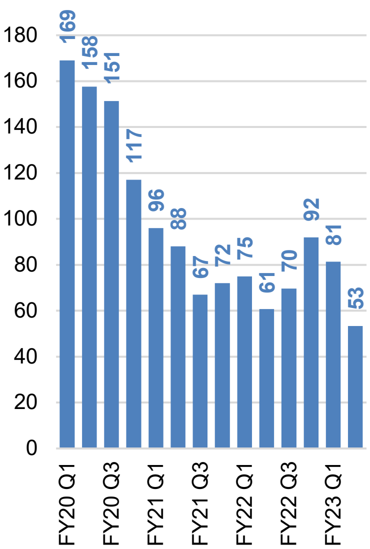
Although the department has been able to leverage reduced inmate population to allow safe operation of facilities despite high vacancies, vacancies at some facilities are particularly concerning. Western New Mexico Correctional Facility-North (WNMCF-N) in Grants, the only facility that can house medium- and maximum-security women, saw vacancies rise from 25 percent to 42 percent over the course of FY22, and an average of about 46 percent of correctional officer positions at that facility were vacant in the second quarter of FY23. This does not align with reduced populations; for example, on December 1, 2022, 92 percent of WNMCF-N's beds were occupied, while just 54 percent of its correctional officer positions were filled.

In-House Parole. NMCD's reporting on release-eligible inmates imprisoned past their release dates (those serving "in-house parole") continues to violate guidance from the Department of Finance and Administration and LFC (see Data Quality Concerns on page 4). After increasing significantly in the second half of FY22, the average number of in-house parolees has decreased in FY23, and an average of approximately 67 individuals were serving in-house parole in the first half of the year.

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

PERFORMANCE REPORT CARD
Corrections Department
Second Quarter, Fiscal Year 2023

Estimated Number of Release-Eligible Inmates Incarcerated Past Release Date by Quarter



Source: NMCD, LFC files

Budget: $286,715.2 **FTE:** 1,857	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Prison Violence							
Inmate-on-inmate assaults resulting in injury requiring off-site medical treatment	6	4	10	2	1		G
Inmate-on-staff assaults resulting in injury requiring off-site medical treatment	3	4	3	1	0		G
In-House Parole							
Release-eligible female inmates still incarcerated past their scheduled release date[1]	0.6%	1.3%	3%	1.5%	0.7%		Y
Release-eligible male inmates still incarcerated past their scheduled release date[1]	1.4%	1.4%	3%	1.1%	1.2%		Y
Staffing							
Vacancy rate of correctional officers in public facilities	27%	29%	20%	34%	34%		R
Vacancy rate of correctional officers in private facilities	25%	32%	20%	36%	38%		R
Health							
Standard healthcare requirements met by medical contract vendor	90%	95%	98%	100%	100%		G
Random monthly drug tests administered to at least 10 percent of the inmate population that are positive for drug use*	2%	3.2%	N/A	1%	1.4%		
Program Rating	Y	R		Y			Y

*Measure is classified as explanatory and does not have a target.
1. Measure's yellow rating reflects outstanding reporting issues; see Data Quality Concerns on page 4.

Hepatitis C Treatment Program

In the second quarter of FY23, NMCD treated 170 additional inmates for hepatitis C, bringing the total number of inmates treated since the agency began its concentrated effort to eliminate the disease from prisons to 1,307, about 39 percent of the total identified infected population housed in New Mexico's prisons, with a treatment success rate of 84 percent. The department has expended $20.7 million of the total $22 million appropriated for this purpose, as well as $5.2 million from its operating budget.

Reentry

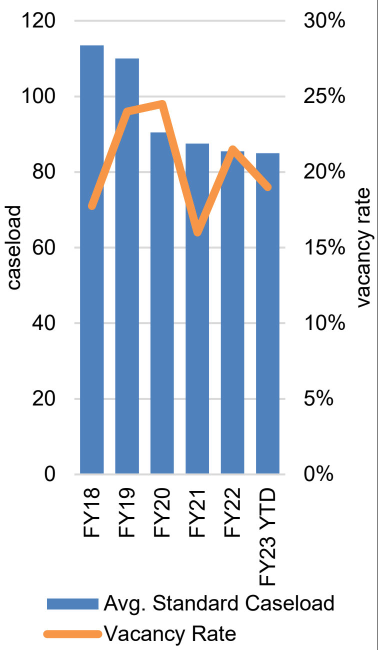
NMCD's new Reentry Program includes metrics related to recidivism, education, and programming, previously reported as part of IMAC and COM.

Recidivism. Every year, NMCD releases around 3,000 offenders into communities statewide. Reducing the rate at which these offenders commit new crimes is a crucial component to improving public safety and, as such, serves as the most important metric of NMCD's performance. However, many offenders are reincarcerated for technical parole violations or drug use, increasing costs to the state but not effectively improving public safety.

After six consecutive quarters of improvement in the overall three-year recidivism rate of offenders released from NMCD's custody, the first two quarters of FY23 remained steady with the fourth quarter of FY22, with the agency reporting a 35 percent recidivism rate. Recidivism due to new offenses increased compared with the prior quarter (from 14.3 percent to 16.8 percent), while recidivism due to technical parole violations fell from 20 percent to 18 percent, quarter-over-quarter.

Education and Programming. Inmate participation in educational, cognitive, vocational, and college programs fell well below the target in FY22 and remains below target in the second quarter of FY23, although the second quarter did see increased participation compared with the first quarter. The number of inmates who earned a high school equivalency certificate fell 31 percent in FY22 compared with FY21, and the first quarter of FY23 saw just 15 inmates obtain such a certificate, fewer than in any quarter in FY22; however, in the second quarter, only six inmates obtained such a certificate.

Probation and Parole Vacancies and Caseloads



Source: NMCD

Budget: $23,544.9 **FTE:** 130	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Recidivism							
Prisoners reincarcerated within 36 months[1]	44%	37%	40%	35%	35%		Y
Prisoners reincarcerated within 36 months due to new charges or pending charges	14%	14%	17%	14%	17%		Y
Prisoners reincarcerated within 36 months due to technical parole violations[1]	30%	24%	20%	20%	18%		G
Sex offenders reincarcerated on a new sex offense conviction within 36 months of release on the previous sex offense conviction	6%	1%	5%	6%	8%		Y
Education							
Eligible inmates enrolled in educational, cognitive, vocational, and college programs	41%	45%	60%	35%	40%		R
Percent of eligible inmates who earn a high school equivalency credential	9.7%	7.7%	80%	2.4%	1%		R
Number of inmates who earn a high school equivalency credential	118	82	165	15	6		R
Other Programming							
Residential drug abuse program graduates reincarcerated within 36 months of release*	22%	22%	N/A	20%	19%		G
Graduates from the women's recovery center who are reincarcerated within 36 months	27%	18%	20%	8%	14%		G
Graduates from the men's recovery center who are reincarcerated within 36 months	28%	18%	23%	15%	17%		G
Program Rating	R	Y		Y			Y

*Measure is classified as explanatory and does not have a target. 1. Measure has outstanding reporting issues; see Data Quality Concerns on page 4.

Community Offender Management

Measures related to community corrections programming through the men's and women's recovery academies and recidivism due to technical parole violations moved to the Reentry Program for FY23.

Vacancy rates among probation and parole officers averaged 18 percent this quarter, an improvement over 20 percent in the first quarter of FY23, and the average standard caseload per officer remained steady with the first quarter of FY23, at 85. NMCD reports 23 percent of absconders were apprehended in the second quarter of FY23, on par with FY22 but below the 30 percent apprehended in FY21.

Budget: $34,772.0 **FTE:** 378	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Average standard caseload per probation and parole officer	88	86	90	85	85		G
Contacts per month made with high-risk offenders in the community	94%	97%	97%	96%	97%		G
Vacancy rate of probation and parole officers	16%	22%	15%	20%	18%		Y
Percent of absconders apprehended	30%	24%	30%	24%	23%		Y
Program Rating	G	Y		Y			Y

Data Quality Concerns

A number of issues in NMCD's quarterly reporting lead to concerns regarding overall data quality in the reports that have been outstanding for several months. Specific issues are outlined below.

Measure	Issue
Prisoners reincarcerated within 36 months	In the first quarter of FY21, NMCD reported its overall three-year recidivism rate had been reported incorrectly since 2016 due to a database error that erroneously counted all intakes to the parole system as prison admissions for purposes of calculating reincarceration rates. The agency has corrected this issue, but because it has not provided corrected historical data on this measure, it is unclear if FY21's recidivism results represent an increase or decrease from previous years. NMCD reports it is working on recalculating annual results for its three-year recidivism rate measure but has not yet provided results.
Release-eligible male and female inmates still incarcerated past their scheduled release date	NMCD reported this measure had previously been miscalculated and changed the calculation for FY21 but did not provide corrected historical reports. LFC and DFA analysts believe NMCD's altered calculation is incorrect (the original calculation is correct), but NMCD has not revised its reports for FY21, FY22, or FY23 despite explicit guidance to do so.
Prisoners reincarcerated within 36 months due to technical parole violations	In August 2021, NMCD reported several prior years' performance reports had excluded absconders when calculating recidivism rates for technical parole violations, although the measure is defined to include absconders. The department included absconders in its FY21 reports but had not informed LFC of this change. As a result, it is not possible to compare FY21's 30 percent recidivism rate for technical violations to prior years' performance, and it is not clear if this an increase or decrease.

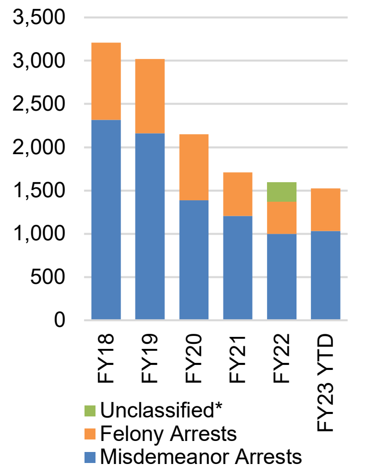
NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

PERFORMANCE REPORT CARD
Department of Public Safety
Second Quarter, Fiscal Year 2023

ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	No

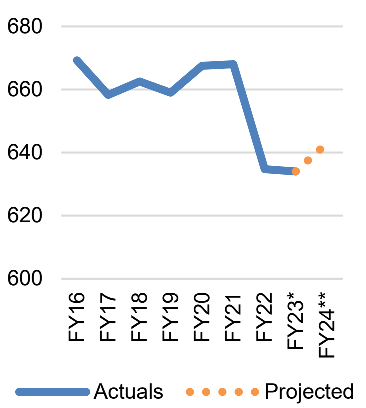
Average Quarterly NMSP Arrests
FY18 to FY23 YTD



*Due to a change in reporting methodology, some arrests not initially classified as felony or misdemeanor are reported as unclassified.

Source: DPS

State Police Force Strength



Note: Reflects average force strength based on force strength at the end of each quarter.
*Actuals FY23 Q1 and Q2; projected by DPS for Q3 to Q4.
**Projected by DPS for FY24 Q1 to Q4.

Source: DPS

Department of Public Safety

New Mexico's policymakers are often forced to make decisions without the benefit of timely data on statewide crime trends. The Department of Public Safety (DPS) is in the midst of a multi-year transition to the new National Incident-Based Reporting System (NIBRS), which should allow it to provide more timely and comprehensive data. However, many agencies, including New Mexico State Police (NMSP), are still not reporting to NIBRS, and NMSP is not anticipated to be fully NIBRS compliant until October 2023 or later. Ultimately, agencies' failure to transition to NIBRS promptly hindered understanding of crime in New Mexico, and the FBI's most recent reporting did not estimate the state's 2021 crime rate because so few agencies reported data.

Albuquerque has historically driven New Mexico's high violent crime rates, making up almost half the state's violent crimes despite comprising only about a quarter of the state's population. The Albuquerque Police Department reports crimes reported to it fell 2.5 percent in 2022, with violent crime falling 8 percent year-over-year and property crime declining 0.8 percent. Property crime has been declining for several years, dropping 28.6 percent over the past five years, and while violent crime saw a spike in 2021, it has dropped by a net of 3.3 percent since 2018.

Law Enforcement

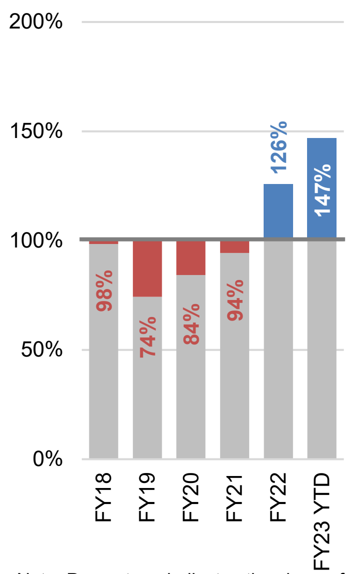
Operations. In the first quarter of FY23, the agency was on track to exceed its target for saturation patrols, and DWI arrests were in line with the first quarter of FY22. However, the agency reported only 173 saturation patrols were conducted in the second quarter of FY23. While a delay receiving grant funding for these patrols and an operation in Albuquerque diverting some NMSP resources during the first half of the quarter, these factors do not appear to fully explain the decline; DPS is investigating the causes of the decrease and expects to be able to provide a more thorough explanation in its third quarter report. Although saturation patrols fell significantly, DWI arrests rose 15 percent compared with the first quarter.

State police arrests continue to fall, dropping 4 percent this quarter compared with the first quarter of FY23, and year-to-date arrests are down 18 percent compared with the first half of FY22. Of the 1,488 arrests in the second quarter of FY23, 480 were for felony offenses and 1,008 were for misdemeanors.

Manpower. In the second quarter of FY23, State Police graduated recruit and lateral schools, adding a total of 34 officers. Overall, State Police force strength rose to 645 at the end of the second quarter. The 2022 General Appropriation Act (GAA) provided $2 million for NMSP to expand its recruit and lateral schools beginning in FY23; however, DPS no longer plans to graduate a second lateral school this year, and the force is projected to fall to 636 officers at the end of the year. DPS's decision not to graduate a second lateral school in FY23 is due to receiving fewer applications this spring than expected, and the agency determined it would be a more efficient use of resources to extend the application period and hold a larger lateral school in the fall.

Over the past three years, the Legislature has invested $1.9 million into improving pay and reducing vacancies among dispatchers and transportation inspectors, with dramatically different results. While transportation inspector vacancies fell from 27

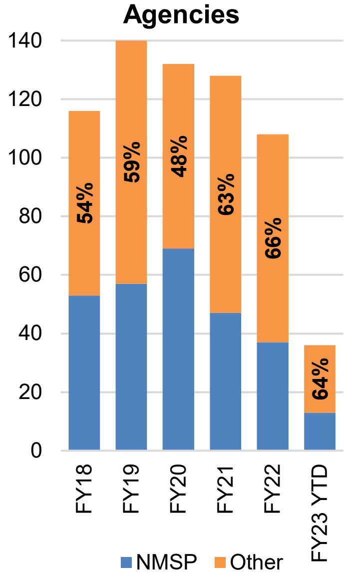
Percent of Forensic Cases Completed



Note: Percentage indicates the share of total forensic cases received that were completed.

Source: DPS

Crime Scenes Investigated or Processed by DPS for NMSP and Other Agencies



Note: Percentage indicates the share of total crime scenes investigated for other agencies.

Source: DPS

percent in FY20 to 8 percent in the second quarter of FY23, vacancy rates among dispatchers rose from 24 percent to 36 percent. Dispatcher vacancies critically impact officer and public safety, increasing the risk of missed radio transmissions and abandoned emergency calls.

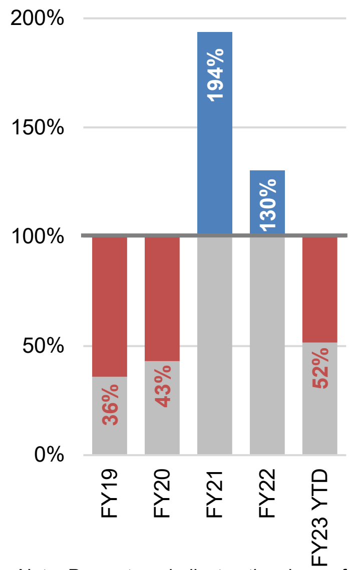
Budget: $143,392.3 **FTE:** 1,068.3	**FY21 Actual**	**FY22 Actual**	**FY23 Target**	**FY23 Q1**	**FY23 Q2**	**FY23 Q3**	**Rating**
DWI saturation patrols conducted	2,290	2,805	2,200	823	173		Y
Proactive Special Investigations Unit operations to reduce DWIs and alcohol-related crimes*	New	488	N/A	276	222		
DWI arrests*	1,272	1,450	N/A	375	431		
Misdemeanor and felony arrests*	6,844	6,375	N/A	1,560	1,488		
Commercial motor vehicle safety inspections conducted	76,269	102,972	80,000	28,594	29,259		G
Investigations conducted by Criminal Investigation Bureau*	724	592	N/A	132	92		
Crisis intervention cases handled*	New	21	N/A	63	38		
Percent of total crime scenes processed for other law enforcement agencies*	63%	66%	N/A	73%	67%		
Community engagement projects in counties with populations under 100 thousand	62	125	95	33	65		G
Commissioned state police officer vacancy rate*	8.7%	12.1%	N/A	13.6%	10.7%		
Commissioned state police officer turnover rate*	6.44	10.87	N/A	2.08	2.48		
Graduation rate of the New Mexico State Police recruit school*	71%	54%	N/A	N/A[1]	68%		
Transportation inspector vacancy rate*	29.6%	10.9%	N/A	6.6%	7.9%		
Dispatcher vacancy rate*	25.3%	36.7%	N/A	35.8%	35.5%		
Program Rating	Y	G		G			G

*Measure is classified as explanatory and does not have a target. 1. No state police recruit school classes graduated in the first quarter of FY23.

Statewide Law Enforcement Support

Forensic Laboratory. The forensic laboratory continues to make progress on reducing backlogged cases, completing 49 more cases than it received in the second quarter of FY22. The vacancy rate among forensic scientists and technicians increased in the second quarter, rising to 29 percent from 25 percent in the first quarter. Training of forensic scientists can take one to two years before full productivity is reached. As a result, high turnover rates increase the number of nonproductive hours, impacting the bureau's performance. The Legislature has made significant investments in forensic scientist and technician pay over the past several years, and DPS is currently working with the State Personnel Office on a salary study for the laboratory, which the agency believes will support adding higher level forensic scientist positions to provide more options for career advancement among laboratory staff and improve retention.

Oversight and Misconduct. After carrying a backlog of complaint cases in FY19 and FY20, in FY21 and FY22, the Law Enforcement Academy Board (LEAB) began cutting down on this backlog, and at the close of FY22, 44 cases were outstanding. However, during the first quarter of FY23, LEAB adjudicated five fewer cases than it received and closed the quarter with 49 outstanding cases. In the second quarter, the board met only once and just 13 cases were adjudicated, 25 fewer than were reported. As a result, LEAB closed the quarter with 74 outstanding cases, and the board did not hold any meetings in the third quarter, so the backlog is likely to grow. However, LEAB staff have proposed holding an additional meeting in the fourth quarter to reduce this backlog, which the board will consider at its April meeting. LEAB's certification function will transfer to the new Law Enforcement Certification Board at the beginning of FY24.



Note: Percentage indicates the share of complaint cases received that were adjudicated.

Source: DPS

Crime Reporting. DPS is required to collect and report crime data from all law enforcement agencies but has not publicly reported this data as it transitions to NIBRS. Unfortunately, many law enforcement agencies, including NMSP, are not yet reporting through NIBRS. As of the end of March, 72 percent of the state's 116 nontribal law enforcement agencies were reporting to the system, with an additional 13 percent testing the system, which takes a minimum of six months. The remaining 15 percent of agencies were not reporting at all. Notably, NMSP completed its upgrade of its Records Management System in March and should be able to move into the testing phase in the near future. The other four largest law enforcement agencies in the state are reporting to NIBRS, although the Santa Fe Police Department is behind in its reports. In FY23, DPS received a $100 thousand recurring budget increase to support other law enforcement agencies' compliance with crime reporting and other statutory reporting requirements.

Lack of reporting makes it impossible to accurately understand crime trends in the state because 2021 marked the first year the FBI's national crime statistics relied solely on information provided via NIBRS. The FBI did not provide estimates of crime rates in New Mexico for 2021 because reporting agencies accounted for less than 80 percent of the population, with only 61 percent of the population accounted for and only 33 percent of law enforcement agencies submitting 2021 data through NIBRS. By comparison, 95 percent of New Mexico agencies reported data in 2020 under the prior reporting system.

Information Technology. At the end of the second quarter, DPS entered the planning phase of its intelligence-led policing project, which will implement a new system to incorporate data and analytics functions to generate valuable intelligence to more efficiently direct law enforcement resources in a proactive approach.

Budget: $27,298.2 **FTE:** 183	**FY21 Actual**	**FY22 Actual**	**FY23 Target**	**FY23 Q1**	**FY23 Q2**	**FY23 Q3**	**Rating**
Percent of forensic cases completed	94%	126%	100%	196%	103%		G
Forensic scientist and technician vacancy rate*	22.9%	25%	N/A	24.5%	28.6%		
Complaint cases reviewed and adjudicated by the New Mexico Law Enforcement Academy Board*	194%	130%	N/A	79%	34%		
New Mexico Law Enforcement Academy graduation rate for police*	73%	73%	N/A	N/A[1]	81%		
New Mexico Law Enforcement Academy graduation rate for dispatchers*	100%	98%	N/A	100%	100%		
Program Rating	G	G		G			G

*Measure is classified as explanatory and does not have a target. 1. No basic law enforcement academy classes graduated in the first quarter of FY23.

PERFORMANCE REPORT CARD

Courts and Justice

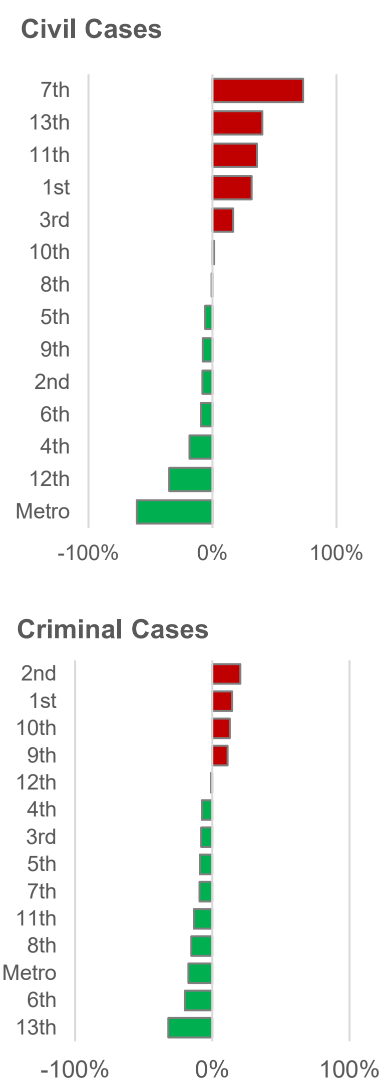
Second Quarter, Fiscal Year 2023

ACTION PLAN

Submitted by agency?	No
Timeline assigned?	No
Responsibility assigned?	No

Civil Cases Taking Longer to Dispose than Criminal Cases

Percent change of days to disposition FY22 Q2 vs FY23 Q2



Source: AOC

Criminal justice partners see continued caseload and efficiency impacts from the Covid-19 pandemic. While most measures are returning to prepandemic averages, many partners face persistent challenges that stymie overall justice system goals. Persistent hiring and retention challenges make it difficult to keep skilled staff in critical roles, an especially troubling issue for the state's dual responsibilities to enforce the law and provide an adequate defense for indigent people accused of crimes.

Courts

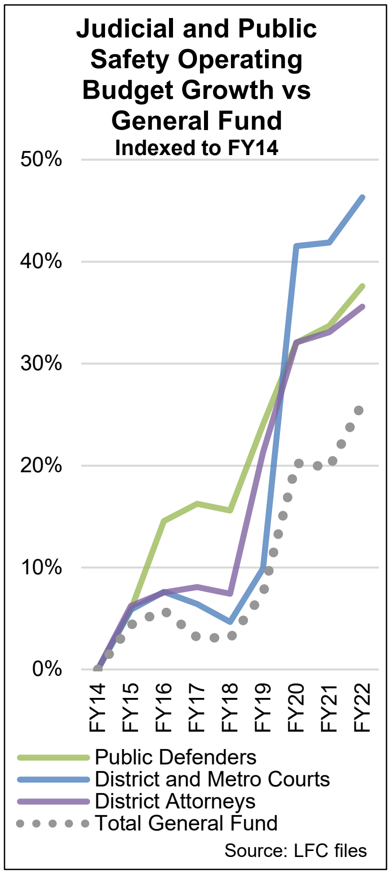
Administrative Support. In the second quarter of FY23, the time to dispose civil cases increased faster than criminal cases. Civil cases constitute the vast majority of cases that the courts process. While they do not garner as much public attention as criminal cases, civil case proceedings have significant consequences for families, children, and the poor. Slow proceedings have negative impacts on those groups. Compared with the second quarter of FY22, six districts saw an increase in the time to disposition of civil cases compared with four districts where criminal cases saw increased time to disposition. Among those districts with an increase in civil case days to disposition, the average increase was 39 percent compared with 15 percent for criminal cases.

Courts are processing more jury trials but have fewer active cases pending in the second quarter of FY23 compared with the second quarter of FY22. Jury trials are up by over 100 percent statewide over that time period. The number of active cases pending is down slightly compared with the second quarter of FY22, averaging a 4 percent decrease.

The average cost per juror decreased slightly from quarter one of FY23. Continuing recent trends, most defendants who are supervised by the courts in the pretrial period made most of their scheduled court appearances and were not charged with new offenses during the pretrial stage. This is consistent with past research identifying that pretrial defendants are small contributors to New Mexico's overall violent crime rate.

Budget: $21,449.1 **FTE:** 60	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Average cost per juror	$54.82	$56.4	$55	$56.4	$54.9		Y
Number of jury trials for metro, district, and statewide courts*	533	574	N/A	178	183		
Average interpreter cost per session	$63	$64.1	$150	$49.5	$79.7		G
Percent of supervised defendants who make all scheduled court appearances	NEW	NEW	N/A	76%	74%		
Percent of supervised defendants who are not charged with a new offense during the pretrial stage	NEW	NEW	N/A	84%	83%		
Percent of released defendants who did not commit a new violent charge	NEW	NEW	N/A	95%	94%		
Age of active pending criminal cases in days	364	524	365	303	344		G
Days to disposition in criminal cases	207	145	365	233	227		G
Cases disposed as a percent of cases filed	135%	101%	100%	95%	101%		G
Program Rating	Y	Y		G			G

*Measure is classified as explanatory and does not have a target.



Special Court Services. The Legislature has prioritized treatment courts in the last several years. Despite this, drug courts have seen a shift from oversubscription in FY13 to having about half of their capacity filled over the past 10 years. Drug and driving while intoxicated courts report recidivism rates below the target, and graduation rates remain persistently low.

Monthly supervised child visitations and exchanges decreased by 19 percent compared with quarter one of FY23, but the measure remains on track with FY22. The number of cases to which Court Appointed Special Advocate (CASA) volunteers are assigned increased by 2 percent in quarter two compared with quarter one of FY23.

Budget: $16,934.8 **FTE:** 38	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY22 Q3	Rating
Cases to which CASA volunteers are assigned*	2,430	1,448	N/A	393	404		
Monthly supervised child visitations and exchanges conducted	11,211	12,012	N/A	3,179	2,577		
Average time to completed disposition in abuse and neglect cases, in days.*	161	148	N/A	141	150		
Recidivism rate for drug-court participants	18%	14%	12%	8.1%	12.3%		G
Recidivism rate for DWI-court participants	10%	6.1%	9%	5.2%	5.0%		G
Graduation rate for drug-court participants	61%	59.2%	70%	55%	59.4%		R
Graduation rate for DWI-court participants	78%	89.5%	80%	62.5%	82.1%		R
Cost per client per day for all drug-court participants*	$29	$37.10	N/A	$33.6	$33.7		
Percent of supervised defendants who make all scheduled court appearances*	NEW	NEW	N/A	76%	74%		
Percent of supervised defendants who are not charged with a new offense during the pretrial state*	NEW	NEW	N/A	84%	83%		
Percent of released defendants not charged with a new violent crime.	NEW	NEW	N/A	95%	94%		
Program Rating	R	Y		Y			Y

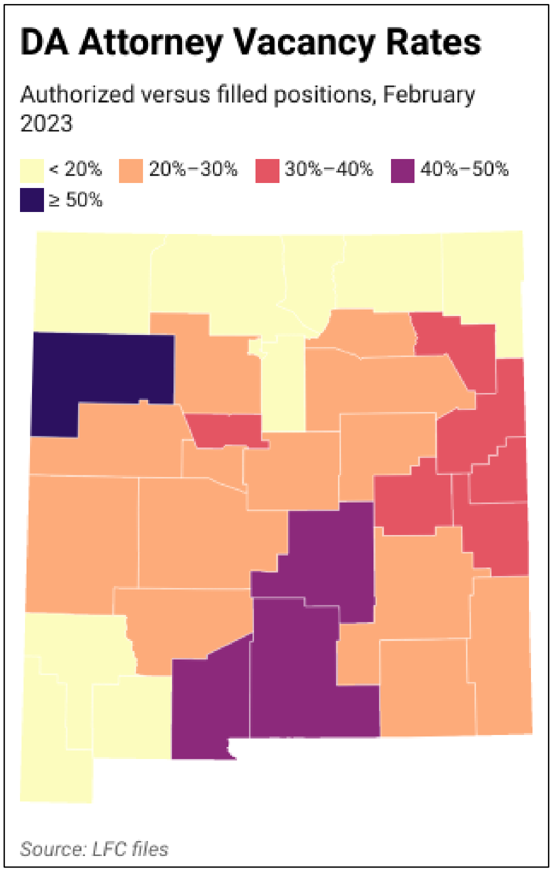
Statewide Judiciary Automation. The Administrative Office of the Courts (AOC) began reporting on new measures for the first quarter of FY20 to better gauge the success of the Statewide Judiciary Automation Program. AOC surpassed second quarter targets.

Budget: $15,679.3 **FTE:** 60.5	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Average time to resolve calls for assistance, in days	0.33	0.02	1	.11	.67		G
Program Rating		G		G			G

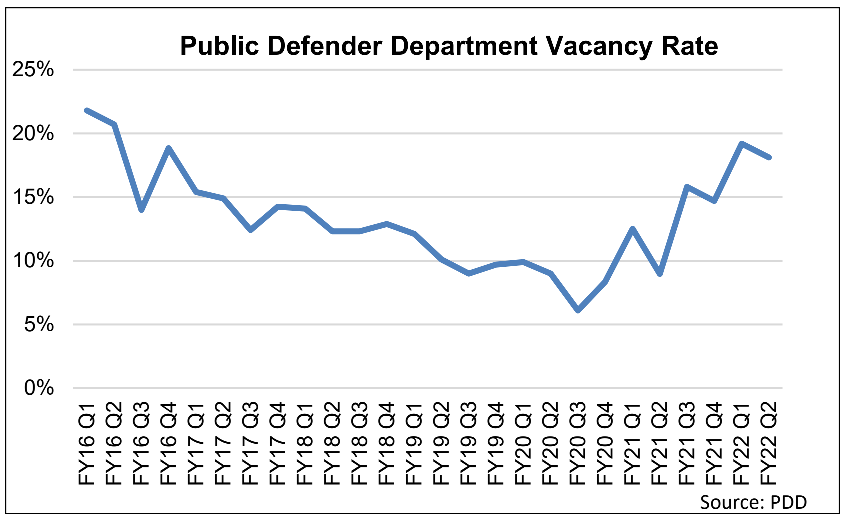
*Measure is classified as explanatory and does not have a target.

Public Criminal Legal Attorneys

Recruiting and retaining attorneys continues to be an issue for both prosecution and defense attorney offices, especially in rural parts of the state. Because limited staffing directly impacts justice outcomes, policymakers have a strong interest in reducing crime and have provided a range of solutions, such as law enforcement investments, creating new crimes and increasing penalties, and improving behavioral health initiatives.



Efforts to reduce crime may be thwarted because prosecutors are not sufficiently resourced to bring strong cases to trial and gain conviction of criminals. High vacancies also present challenges for the state to meet its affirmative responsibility to provide an adequate defense for indigent defendants. Chronically high vacancy rates make these dual priorities difficult to achieve and place a burden on communities.

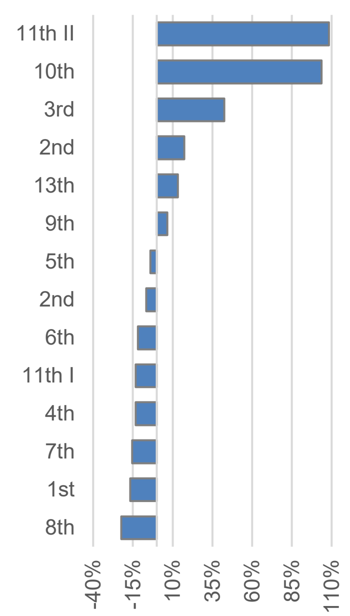


The Public Defender Department (PDD) has submitted detailed reports of its vacancies over the past several fiscal years. Vacancy rate data from PDD was reported directly while vacancy information for district attorney offices is taken from the State Personnel Office and considers positions vacant for less than 18 months. However, this may not consider positions that have been recently unfunded.

District Attorneys. In the second quarter of FY23, the number of cases referred to district attorney offices remain below prepandemic averages. On average, statewide offices were referred 990 cases in the second quarter of FY23 compared with an average of 1,224 cases between FY18 and FY20. Despite the lower number of referred cases, average cases added to attorney caseloads increased by 13 percent statewide in the second quarter of FY23 compared with prepandemic averages.

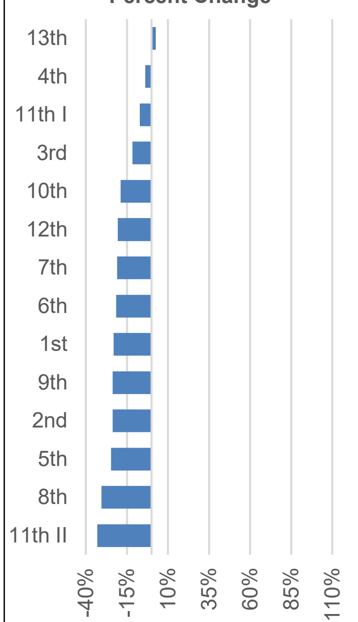
This reflects a troubling trend. While cases referred have decreased, offices may not be able to keep up due to high vacancies. This trend was driven mostly by districts with very high attorney vacancies, especially in the tenth district and 11th district division II, where attorney vacancies were 33 percent and 60 percent, respectively, according to

Cases Added Prepandemic vs FY23 Q2
Percent Change



Source: AODA

Cases Referred Prepandemic vs FY23 Q2
Percent Change



Source: AODA

state personnel office data. According to the most recent data available, one out of three attorney positions were vacant in six districts.

Data on caseloads should be interpreted with caution. The current measure "the average number of cases added to each attorney's case load" reports new cases added to attorney caseloads during the quarter but does not reflect the actual average number of cases assigned to attorneys during this time. Further, the measure is not indicative of the net change in attorneys' caseloads during the quarter because it does not account for closed cases. As a result, the measure does not indicate if attorneys' caseloads increased or decreased during the quarter.

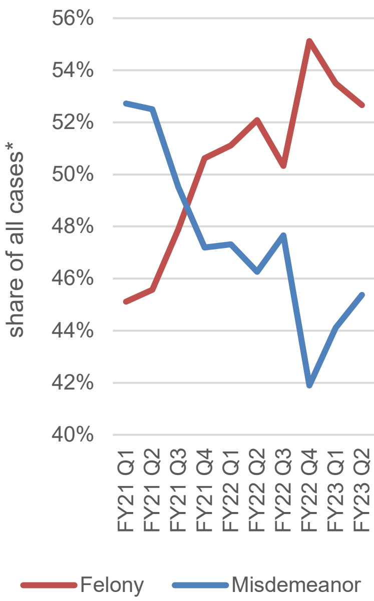
In FY24, district attorneys will begin reporting average attorney caseloads, which will help discern trends in prosecution caseloads; further modifications may be required to appropriately report and measure caseloads and their impact on overall performance, such as data on attorney vacancies and information on the types of cases carried by attorneys.

Statewide, prosecutors and defenders report seeing felonies as an increasing share of their caseloads. This may result from a more discerning—and cost-effective—screening of cases by law enforcement and prosecutors before cases are formally prosecuted, but the increasing share of felonies and corresponding decrease in misdemeanors requires more time per case and may require modified measures to understand attorney workload. Public defenders have implemented measures, such as case time keeping, to monitor impacts of this trend.

Budget: $94,382.5 **FTE:** 1,013	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Average number of cases added to attorney caseloads	205	92	170	94	77		G
Number of Cases Referred for Screening*	73,256	73,386	N/A	15,536	13,859		
1st District	4,731	4,105	N/A	1,173	1,042		
2nd District	19,039	16,434	N/A	4,418	4,319		
3rd District	4,365	5,174	N/A	1,406	1,207		
4th District	1,812	1,914	N/A	494	429		
5th District	6,584	6,147	N/A	1,650	1,381		
6th District	2,610	2,593	N/A	713	495		
7th District	1,654	1,796	N/A	373	374		
8th District	1,544	1,683	N/A	407	337		
9th District	2,513	2,412	N/A	572	527		
10th District	661	683	N/A	252	146		
11th Division I.	4,955	5,133	N/A	1,272	1,153		
11th District Div. II	2,327	2,172	N/A	491	381		
12th District	2,459	2,678	N/A	591	648		
13th District	5,836	6,139	N/A	1,724	1,420		
Program Rating	R	Y		G	G		G

*Measure is classified as explanatory and does not have a target.

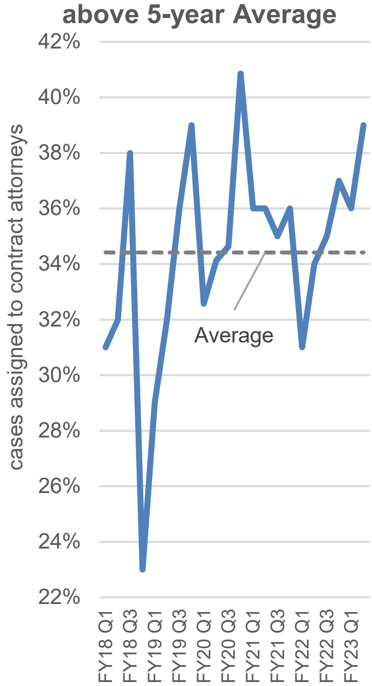
Felony Cases are an Increasing Share of Caseloads



*This data excludes juvenile cases for concision. Totals do not sum to

Source: PDD

Cases Assigned to Contract Attorneys above 5-year Average



Source: PDD

Public Defender. PDD continues to make improvements in key performance measure targets like the percentage of cases resulting in a reduction of filed charges and alternative sentencing targets. This is despite high vacancy rates among both attorneys and core staff.

Like district attorney offices, PDD reports a changing mix of case types, with an increasing share of felony cases and a decreasing share of misdemeanor cases. This may result from decriminalization of lower level misdemeanor offenses such as driving on a suspended license or possession of small amount of marijuana. However, the changing mix type also results in a higher case per attorney workload.

PDD did not meet the target for total reduced charges in felony, misdemeanor, and juvenile cases. According to the agency, dramatic changes in how the criminal justice system operated during the Covid-19 pandemic severely impacted performance on this measure. The second quarter of FY23 saw an improvement relative to the first quarter of FY23. The total number of cases opened decreased slightly compared with the first quarter of FY23. The percentage of cases assigned to contract attorneys increased compared with previous quarters. PDD attributes this to the reassignment of contract cases due to retention of contractors and overflow of cases from PDD offices due to high vacancy rates.

Budget: 64,294.5 FTE: 488	**FY21 Actual**	**FY22 Actual**	**FY23 Target**	**FY23 Q1**	**FY23 Q2**	**FY23 Q3**	**Rating**
Felony, misdemeanor, and juvenile cases resulting in a reduction of original formally filed charges	48%	44%	70%	53%	61%		Y
In-house attorneys	51%	45%	70%	59%	61%		Y
Contract attorneys	40%	41%	70%	43%	47%		Y
Felony, misdemeanor, and juvenile cases resulting in alternative sentencing treatment	6,312	7,090	5,000	2,049	3,045		G
In-house attorneys	4,570	5,333	4,000	1,517	2,208		G
Cases assigned to contract attorneys*	36%	34%	N/A	36%	39%		
Average time to disposition for felonies, in days*	295	336	N/A	340	310		
In-house attorneys*	270	308	N/A	304	254		
Contract attorneys*	320	363	N/A	377	367		
Cases opened by Public Defender Department *	56,403	54,362	N/A	14,871	13,208		
In-house attorneys*	35,993	33,637	N/A	9,179	8,385		
Contract attorneys*	20,410	20,725	N/A	5,692	4,823		
Program Rating	Y	Y		G	G		G

*Measure is classified as explanatory and does not have a target.

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

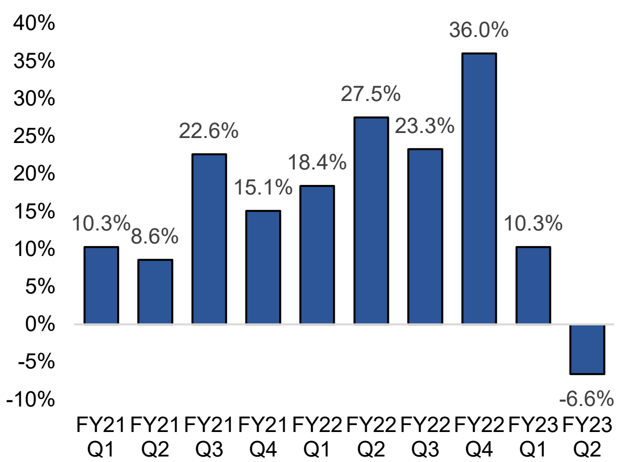
PERFORMANCE REPORT CARD
Department of Transportation
Second Quarter, Fiscal Year 2023

ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	No

After years of worsening road conditions, the Department of Transportation (NMDOT) reports investments in state roads are improving conditions. In recent years, the Legislature has made significant nonrecurring appropriations for road construction and maintenance, which the department has used to exceed targets for pavement preservation. Additionally, NMDOT has done well managing projects, generally completing projects on time and on budget. However, the department has experienced price spikes and delays due to supply chain disruptions affecting the broader economy.

Bid Price Over Estimate, By Quarter



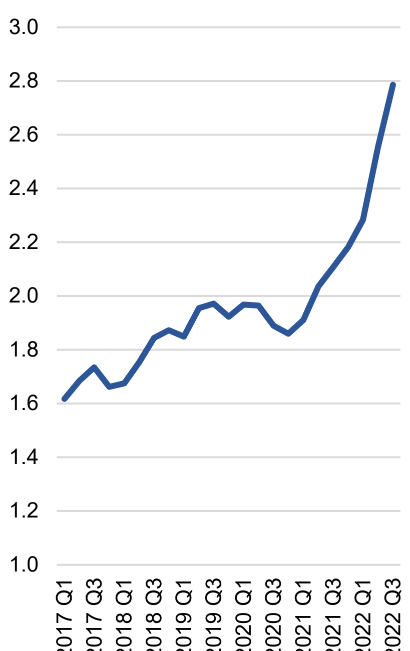
Source: NMDOT

Project Design and Construction

To judge the performance of the department's project planning and execution, measures covering the ability of the department to plan and complete projects on time and within budget are tracked. The department has significantly improved its ability to put projects out to bid as scheduled. NMDOT scheduled 11 projects for bid in the second quarter and all 11 projects were put out to bid. NMDOT reports maintaining a project-letting schedule is a key goal of the department; maintaining the schedule allows the contracting community to appropriately plan for upcoming projects.

On-time project completions fell significantly in FY23, from 91 percent in the fourth quarter of FY22 to 75 percent of the projects in the first and second quarters of FY23. Global supply chain issues and increases in the number of construction projects generally continue to pose operational challenges for the department. The department reports construction costs have climbed, although cost overruns once the project is bid are minimal. For the first quarter of FY23, construction projects closed $1.1 million over budget, but below the 3 percent target. However, the department noted projects in FY22 were bid significantly higher than engineers' estimates. Although the spread between the bid and the initial estimate has narrowed, NMDOT reports this is because of improved estimating practices and not because project costs are falling.

National Highway Construction Costs Index

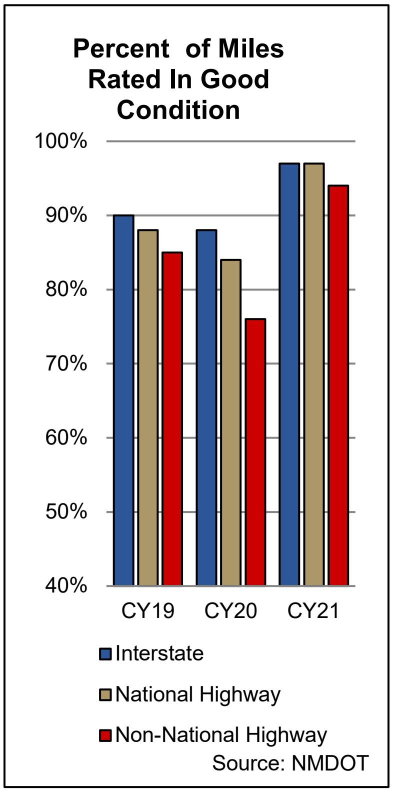


Source: Federal Highway

Budget: $772,174.5 **FTE:** 368	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Percent of projects let to bid as scheduled.	77%	98%	75%	92%	100%		G
Projects completed according to schedule	94%	89%	90%	75%	75%		R
Final cost-over-bid amount on highway construction projects	-0.2%	1%	3%	-0.6%	2.9%		G
Program Rating	G	G		G			G

Highway Operations

For FY22, the department substantially surpassed the target for roadway preservation, but year-over-year performance has dipped. For FY23, 1,890 miles have been preserved, less than the first two quarters of FY22. Maintenance activity typically falls in the second and third quarters, as the department shifts to cold weather operations. Despite the year-over-year reduction, the department reports it is on track to meet the 3,500 mile target in FY23. Overall, the number of bridges rated in poor condition remains below target; in future years, the department will have access to additional federal and state funds to remediate the 4 percent of bridges currently listed in poor condition.



Budget: $308,722.2 **FTE:** 1,859.7	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Statewide pavement miles preserved	3,852	4,373	3,500	907	983		G
Bridges in fair condition or better, based on deck area	96%	90%	95%	96%	96%		G
Program Rating	G	G		G			G

NMDOT assesses all New Mexico roads each calendar year using a pavement condition rating (PCR) score to measure roadway conditions. For calendar year 2021, road condition data shows significant improvement in New Mexico's roadways, which reflects the significant additional resources appropriated by the Legislature for road maintenance activities.

A PCR score of 45 or less indicates a road in poor condition. In 2021, the average PCR score for the state was 72.1, up from the average 2020 score of 54.9 and average score of 57.4. The number of lane miles with a rating of below 45 fell by nearly 80 percent, from 6,805 in 2020 to 1,451 in 2021.

2021 Road Condition Survey	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Target	2021 Actual	Rating
Interstate miles rated fair or better	93%	95%	90%	88%	>90%	97%	G
National highway system miles rated fair or better	89%	97%	88%	84%	>86%	97%	G
Non-national highway system miles rated fair or better	79%	84%	85%	76%	>75%	95%	G
Lane miles in poor condition	4,606	3,783	4,420	6,805	<5,425	1,451	G
Program Rating	G	G	G	Y			G

Modal

The department's Modal Program is responsible for traffic safety initiatives, as well as transit programs and the Aviation Division. NMDOT's reported traffic fatalities reflect a broader nationwide trend of increased traffic fatalities, with federal data indicating more traffic fatalities in 2021 than in any year since 2005. New Mexico's traffic fatalities have been above targets, although the department has reported fewer alcohol-related fatalities.

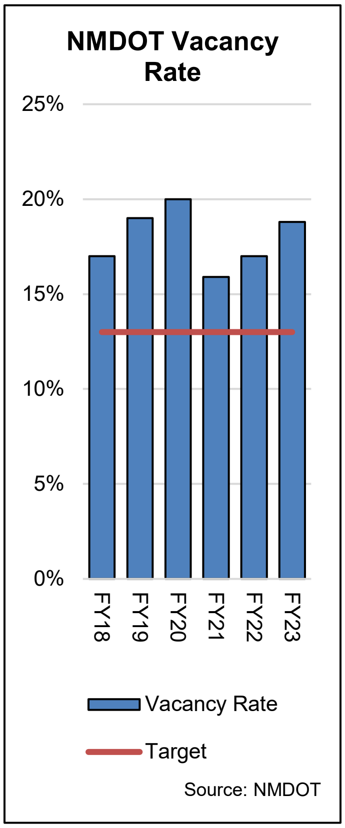
Special Transportation Appropriations

GAA of 2023

for regional airports	$55,000,000
for state roads, MIPS	$232,000,000
for wildlife corridors	$5,000,000
for ports of entry*	$7,000,000
Total	**$299,000,000.00**

*The appropriations for ports of entry is from the weight distance tax identification permit fund.

Even with a 75 percent reduction in fares, the Rail Runner continues to struggle with ridership, although ridership is on track to surpass FY22 totals. While ridership has nearly doubled from the prior year, the reported amount is only 70 percent of prepandemic ridership levels. Additionally, the department's "park and ride" service is not on track to meet its target in FY23. However, both services could see additional ridership in the third quarter, when most state agency employees were required to return to the office.



Budget: $75,605.0 **FTE:** 126	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Traffic fatalities	411	464	<400	139	118		R
Alcohol-related traffic fatalities	113	72	<150	35	23		G
Non-alcohol-related traffic fatalities	298	392	<250	104	95		R
Occupants not wearing seatbelts in traffic fatalities	171	193	<140	59	45		R
Pedestrian fatalities	76	100	<85	19	33		R
Riders on park and ride, in thousands	53.6	100.4	235	36.5	31.5		R
Riders on the rail runner, in thousands*	40.9	317.2	N/A	137.5	127.9		R
Program Rating	R	R					R

*Measure is classified as explanatory and does not have a target.

Program Support

NMDOT reports departmental safety initiatives are reducing workplace injuries and the department is on track to beat targets, as well as reduce the number of injuries from the prior year. Of the seven employee injuries in the first quarter, only one injury occurred in a work zone, a significant improvement from FY22 and FY21. While the department's current vacancy rate is well above target, it remains below overall state employee rates.

Budget: $48,544.5 **FTE:** 252.8	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Vacancy rate in all programs	15.9%	17%	13%	18.8%	19.3%		Y
Employee injuries	35	59	90	10	7		G
Percent of invoices paid within 30 days	93%	93%	90%	94%	92%		G
Employee injuries occurring in work zones	11	17	35	1	1		G
Program Rating	G	G					G

*Measure is classified as explanatory and does not have a target.

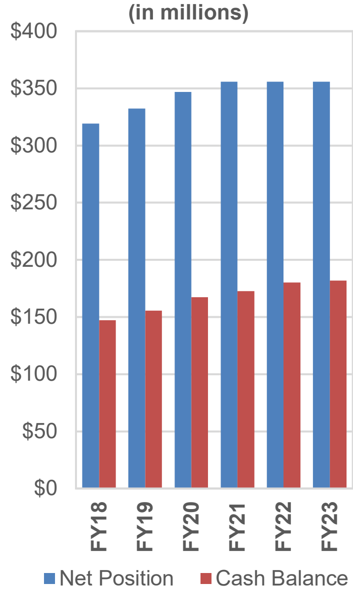
PERFORMANCE REPORT CARD
Environment Department
Second Quarter, Fiscal Year 2023

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

ACTION PLAN

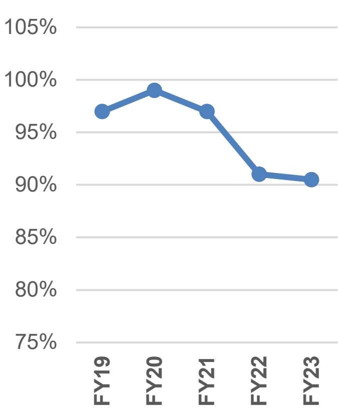
Submitted by agency?	Yes
Timeline assigned?	Yes
Responsibility assigned?	Yes

Clean Water State Revolving Fund Balances, FY17 to FY21 (in millions)



Source: Office of the State Auditor

Percent of New Mexicans Receiving Water that Meets Health Standards



Source: LFC Files

The Environment Department demonstrated mixed performance in the second quarter of FY23. However, it has shown improvement in some key metrics and continues to make progress toward achieving its performance goals despite a vacancy rate of 21 percent.

NMED played a crucial role in developing and submitting a concept paper to the U.S. Department of Energy (DOE) by the Western Interstate Hydrogen Hub (WISHH), which issued an "encouraged" recommendation for the proposal. Reviewers independently scored each concept paper based on evaluation criteria, including qualifications, experience, and capabilities; expected contributions toward a national hydrogen network; plans to develop production, end-use, and connective facilities; and the community benefits plan component. DOE expects to pare down the list of candidate projects before the end of FY23.

Water Protection

The Water Protection Division continues to assist communities seeking to develop internal capacity to utilize state and federal funding for infrastructure improvement and water resource management. The division also served as the lead agency in responding to threats to drinking water supplies, such as the September 2022 accident in which a tanker truck overturned on State Highway 15 in the Gila National Forest, spilling approximately 2,000 gallons of asphalt emulsifier into Jaybird Canyon. NMED coordinated with the U.S. Forest Service, U.S. Environmental Protection Agency (EPA), and the responsible party to begin assessment, cleanup, and remediation efforts as soon the department was notified of the spill. Site monitoring is ongoing, but preliminary testing indicates the threat has been contained.

Understaffing continues to cause delays in the delivery of compliance determinations and violation notices. The bureau expects to hire additional staff with increased funding from the drinking water state revolving loan program and set-aside grants from the federal Infrastructure Investment and Jobs Act. During the second quarter of FY23, the Construction Programs Bureau processed disbursements for 38 new and continuing projects, totaling approximately $4.5 million.

The decline in the percentage of New Mexicans receiving water that meets health standards was impacted mainly by stricter guidelines rather than more systems falling out of compliance. This trend will likely continue because of a proposed EPA rule limiting per- and polyfluoroalkyl substances (PFAS) in drinking water, which will likely go into effect in late 2023 or early 2024.

Budget: $34,875.0 **FTE:** 191.6	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	Rating
Percent of population served safe and healthy drinking water	97%	92%	89.4%	90.5%	Y
Percent of surface water permittees inspected	N/A	10%	20%	20%	G
Percent of groundwater permittees inspected.	21.1%	65%	3.5%	5.6%	R
Number of new water infrastructure projects	154	75	31	80	G
Program Rating	Y		Y		Y

Environmental Protection

The Environmental Protection Division is primarily responsible for enforcing regulatory and compliance measures that seek to protect the environment and prevent harm to human health. While inspections are valuable for determining whether regulated entities comply with applicable laws, rules, or permits, the division has continually failed to meet its target percentage of applicable entities inspected.

Radiation Control. In addition to inspections and monitoring, the Radiation Control Bureau's work includes assisting nuclear workers who have become ill due to occupational exposures received while working for contractors or subcontractors at U.S. Department of Energy facilities or in the uranium industry. NMED contends that reaching the target of inspecting 85 percent of radiation sources would require 209 inspections from each staff member and is unachievable, given current staffing levels.

Air Quality. The Air Quality Bureau worked with the New Mexico Climate Change Task Force to develop rules for reducing volatile organic compounds and oxides of nitrogen emissions in the oil and gas industry. The bureau also deployed new air monitoring instruments that improve connectivity, efficiency and remote access to air quality data. In addition, having recently hired a new manager for its inspections unit, the bureau hopes to add two additional inspectors to improve the rate of inspections.

Climate Change. The Climate Change Bureau works to identify, implement and monitor statewide efforts to reduce greenhouse gas emissions. The bureau launched the state environmental crimes task in November 2022 to leverage state, local and federal resources to pursue legal action against polluters. The bureau is also playing a significant role in the Climate Change Task Force's efforts to meet greenhouse gas emission reduction targets and spent significant time in FY22 since its formation working on New Mexico's contribution to the hydrogen hub application.

Budget: $33,261.2 **FTE:** 304.1	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	Rating
Percent of ionizing and nonionizing radiation sources inspected	12.6%	85%	2.9%	4.3%	R
Percent of air emitting sources inspecting	20.5%	50%	12.4%	3.9%	R
Percent of population breathing air meeting federal health standards	98.4%	95%	97%	99.9%	G
Program Rating	R		Y		Y

Environmental Health

The Environmental Health Division (EHD) continued to administer the state hemp extraction and manufacturing program, ensuring public health protection while supporting the growth and sustainability of the cannabis industry. EHD is also responsible for working to prevent workplace injuries and fatalities and avoiding unnecessary risks to public health from commercially prepared foods.

Occupational Health and Safety. The bureau conducts thousands of inspections annually and targets workplaces with the greatest expectations of non-compliance to reduce illness, injuries, and fatalities. However, current staffing levels mean that there are 5,670 regulated facilities per inspector, which limits the program's opportunity to help employers prevent fatalities, amputations, or injuries resulting from occupational hazards.

Food Services Bureau. The Food Services Bureau failed to meet its quarterly inspection target and is on track to miss it for FY23 overall. Ideally, each restaurant and food manufacturer in the state should be inspected once per year. Bureau staff currently have a compliance and enforcement workload of approximately 241 facilities per FTE, and with a vacancy rate of 12.5 percent, it will likely fail to reach this target in FY23 due to an insufficient number of staff to perform the necessary inspections.

Budget: $28,466.1 **FTE:** 281.6	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	Rating
Number of employers that did not meet occupational health and safety requirements for at least one standard compared to the total number of employers.	63.5%	55%	59.3%	60.0%	Y
Percent of restaurants/food manufacturers inspected.	90.2%	80%	18.7%	18.6%	R
Percent of new or modified liquid waste systems inspected.	82.1%	85%	83%	84.5%	Y
Program Rating	R		Y		Y

Resource Protection

The Resource Protection Division (RPD) also failed to reach its inspection target in the second quarter. Solid Waste Bureau staff inspected six of 45 active permitted solid waste facilities in the second quarter, well below the trajectory needed to inspect every permitted facility each year. In addition, the bureau is working to reclassify existing vacancies to higher-level positions to improve recruitment and retention.

In the second quarter of FY23, the Petroleum Storage Tank Bureau did not issue any No Further Action (NFA) status determinations. The total number of open underground storage tank (UST) sites is 873, and the total number of UST and above-ground storage tank release sites is 956. Notably, NFA status determinations are fluid throughout the year, based on the specific site conditions, staffing levels, and the availability of funding from the corrective action fund.

Budget: $17,925.9 **FTE:** 146.6	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	Rating
Number of completed cleanups of petroleum storage tank release sites that require no further action.	1,964	1,948	1,984	1,984	G
Percent of solid and infectious waste management facilities inspected.	47%	85%	13.3%	13.3%	R
Percent of hazardous waste facilities inspected.	4%	6%	0.7%	1%	R
Program Rating	R		Y		Y

ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	Yes
Responsibility assigned?	Yes

Energy, Minerals and Natural Resources Department

The Energy, Minerals and Natural Resources Department (EMNRD) was on the frontlines of an unprecedented fire season in 2022 that burned over 899 thousand acres of forest and resulted in losses throughout the state. EMNRD's Forestry Division was central to firefighting, response, and recovery efforts. In addition, the fires impacted or temporarily closed several state parks, with many serving as staging areas for firefighting or evacuations. Despite this, New Mexico's 35 state parks saw 5.2 million visitors in FY22, a record the division is on track to meet again in FY23.

EMNRD received record levels of federal funding as it increased activity across several divisions. In addition to the nonrecurring funds appropriated in the special and regular sessions in 2021 and 2022, the federal Infrastructure Investment and Jobs Act delivered another $25 million for orphaned well cleanup, $960 thousand for the energy efficiency revolving loan program, and $2.4 million for abandoned mine remediation, and $5 million for wildfire prevention, readiness, and firefighting equipment. The agency will need to efficiently deploy these resources and leverage state funding to qualify for additional federal grants.

Tax Credit Programs (FY22)

Tax Credit Name	Credit Cap (thousands)	Expenditure at Q2 close (thousands)
Solar Market Development Tax Credit	$12,000.0	$5,420.0
Sustainable Building Tax Credit	$5,000.0	$612.0
Renewable Energy Production Tax Credit	Varies *	$19,166.0
Agricultural Biomass Income Tax Credit	$5,000.0	$0

* $0.01 per kilowatt-hour (kWh) up to 400,000 megawatt-hours (MWh) annually per taxpayer for wind- or biomass-derived electricity. The aggregate cap for all wind projects is set at 2 million MWh.

* $0.015 cents to $0.04 cents per kWh up to 200,000 MWh annually per taxpayer for solar-light-derived or solar-heat-derived electricity, depending on the consecutive taxable year for which the credit is being claimed. The aggregate cap for all solar projects is set at 500,000 MWh.

Source: EMNRD & TRD

Energy Conservation and Management

In the second quarter of FY23, the Energy Conservation and Management Division (ECMD) received and reviewed 891 tax credit applications. Of these, 826 were deemed complete and approved, with 736 approved within 30 days of receipt. ECMD is working to create training videos for industry and applicants on program and application requirements to assist with the volume of applications that require more than one submission and review. The division is also working to make improvements to its online application portal.

Although not reflected in the division's performance measures, in October 2022, ECMD applied for grid modernization grant funding through the U.S. Department of Energy (DOE). If awarded, this new program will bring $36 million to New Mexico over five years, starting in 2023, to help reinforce vulnerable electric systems and modernize the grid as utilities transition to renewable energy resources.

Budget: $3,810.1 **FTE:** 21	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	Rating
Percent of completed applications for clean energy tax credits reviewed within thirty days of receipt	88%	92%	90%	99%	89%	Y
Program Rating	Y	G		G		Y

Healthy Forests

In response to a wildfire season that broke every record for wildfire size, intensity, and cost, the Healthy Forests program, also known as the State Forestry Division (SFD), is leading statewide recovery efforts. The division increased its training capacity to prepare for the next wildfire season. It offered courses earlier in the fall than ever before and will continue course offerings to early spring of 2023. SFD is also working with local government and federal cooperators to establish a Wildland Fire Training Academy to create a centralized delivery point and additional training opportunities for new and current firefighters.

SFD and the New Mexico Department of Agriculture are working to develop strategies to reduce greenhouse gas emissions from wildfires and increase the sequestration capacity of New Mexico's forests, rangelands, and cultivated agricultural lands through sustainable management practices. The division treated 1,303 acres in 2022 using Forest and Watershed Restoration Act funding and recommended seven projects for landscape-scale thinning and habitat restoration in 2023. SFD is also working with the U.S. Department of Agriculture (USDA) Farm Service Agency to enroll private lands burned by the Hermits Peak and Calf Canyon fires in the federal emergency forest restoration program. Once completed, this activity will boost the number of acres treated for FY23. The scale of forestry work completed, compared to the amount of forest and watershed acres remaining untreated, will continue to present a challenge to fire prevention efforts.

Budget: $17,388.3 **FTE:** 79	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	Rating
Number of nonfederal wildland firefighters provided professional and technical incident command system training	1,229	883	1,500	60	86	R
Acres treated in New Mexico's forests and watersheds	14,637	14,020	14,500	888	1,586	Y
Program Rating	Y	Y				Y

State Parks

State Parks Division (SPD) visitation and revenue remained high during the second quarter. Nearly 600,000 visitors spent time in state parks during fall and early winter. SPD revenue during this quarter exceeded $716.0, which is on pace with FY22. Winter conditions and cold temperatures established safe and predictable ice fishing, which is a major draw to multiple SPD lakes and their rural communities in northern areas of the state. SPD remains on track to exceed attendance and revenue targets again for FY23.

SPD continued to plan for and invest ARPA funds across the system focused on repair, renovation, and replacement of aging infrastructure. In FY23 Q2, after eight months of availability, SPD spent or encumbered $5.6 million of ARPA funds and remains on track to expend these funds within the federal allocation period. During this quarter, SPD successfully hired senior staff across six bureaus and five regional offices. The division also continued to reduce its vacancy rate and successfully worked with the State Personnel Office to reclassify 82 state park law enforcement positions.

State Park Improvements

Project Location	Cost
Bluewater Lakes State Park	$780.4
Bottomless Lakes State Park	$1,613.8
Clayton Lake State Park	$58.4
Living Desert Zoo and Gardens	$141.5
Hyde Memorial State Park	$435.90
Navajo Lake State Park	$173.9
Oliver Lee Memorial State Park	$121.4
Pecos Canyon State Park	$620.0
Pecos Canyon State Park	$65.8
Rio Grande Nature Center	$164.4
Storrie Lake State Park	$153.4
State Parks Office Remodel	$168.5
Total	**$4,497.4**

Budget: $24,173.5 **FTE:** 234.7	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	Rating
Number of visitors to state parks	4,409,704	5,211,898	4,750,00	1,654,156	597,140	G
Amount of self-generated revenue per visitor, in dollars	$.64	$1.01	$1.00	$.75	$1.20	G
Program Rating	Y	G		Y		G

Mining and Minerals

The Mining and Minerals Division (MMD), which houses the Abandoned Mine Lands Program, Coal Mine Reclamation Program, and Mining Act Reclamation Program, continues to work to ensure the responsible utilization, reclamation, and safeguarding of New Mexico's lands affected by mining. Over the past several years, coal production has significantly decreased, while non-coal mineral production remains stable. The division will also be responsible for data collection, management, and documentation duties under the Water Data Act as it works to support the implementation of the state's *50-year Water Plan.*

Budget: $8,873.6 **FTE:** 28	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	Rating
Permitted mines with approved reclamation plans and adequate financial assurance posted to cover the cost of reclamation	99%	99%	99%	99%	99%	G
Program Rating	G	G		G		G

Oil Conservation

The Oil Conservation Division (OCD) reduced its vacancy rate from 25 percent in FY22 to 14.5 percent in FY23 and continues filling positions as its workload increases. As a result, the number of inspections and enforcement actions has risen in line with increases in oil and gas industry activity.

Additionally, OCD received a $25 million initial federal grant to fund plugging and remediation at 200 well sites over a 24-month period under the federal Infrastructure Investment and Jobs Act's Orphan Well Program. The division expects to receive an additional $75 million over the next four years for expenditure through 2030. As required by the grant, the division successfully obligated 90% of the initial grant to 145 plugging projects. However, the "wells properly plugged" metric counts only completed plugging projects.

Eight wells plugged in the second quarter of FY23 used money from the oil reclamation fund, while the remaining three were plugged using federal funding. The division currently has 3 contract plugging crews working concurrently and anticipates a significant increase in wells plugged in future quarters, well above the 50 for the year. OCD has set an internal target of plugging approximately 200 wells by October 2023, well above its target of 50 for the year; however, crew availability remains a challenge.

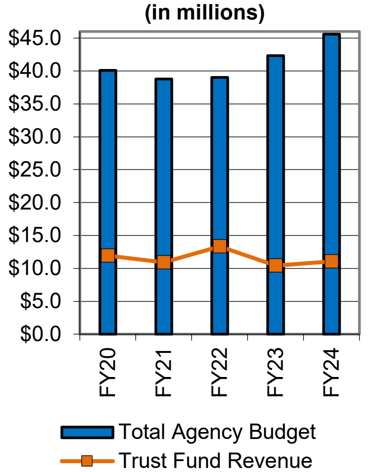
Budget: $12,443.2 **FTE:** 65	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	Rating
Number of inspections of oil and gas wells and associated facilities.	35,757	35,757	31,000	7,598	7,019	G
Number of abandoned wells properly plugged.	49	49	50	3	11	R
Number of violations issued with associated administrative penalties. *	3,174	3,213	N/A	523	675	
Program Rating	Y	Y		Y		Y

*Measure is classified as explanatory and does not have a target.

ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	Yes
Responsibility assigned?	Yes

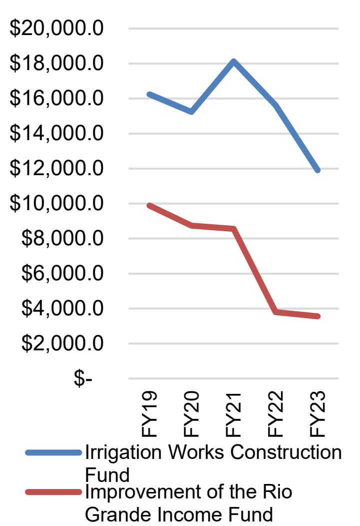
Share of OSE Operating Expenses Supported by Irrigation Works Construction Fund & Improvement of the Rio Grande Income Fund & IRGIF
(in millions)



*FY24 is tentative based on HB2 (2023)

Source: LFC Files

OSE Fund Balances
(in thousands)



Source: LFC Files

Office of the State Engineer

The Office of the State Engineer (OSE) and the Interstate Stream Commission (ISC) spent significant time and resources working with the Office of the Attorney General to navigate settlement negotiations and trial preparation in the *Texas v. New Mexico* water rights case. All states involved agreed in principle to a proposed settlement. The settlement was presented in October 2022 to the judge overseeing the case. However, the U.S. Department of Justice (DOJ) contends the proposal fails to address their concerns in the case. The proposed settlement was presented in February and now awaits the ruling of the Special Master assigned by US Supreme Court to advise the Court regarding the proposed consent decree.

OSE worked with other state agencies, community groups, stakeholders, and irrigation districts to develop recommendations through the Water Policy and Infrastructure Task Force. The report included several recommendations that would require OSE and ISC to take a more active role in water planning and project development, as well as compliance and enforcement. This will represent a change in mission for the agency, which has historically focused on regulatory and compliance functions and may challenge agency capacity at current funding levels.

Water Resource Allocation

The Water Rights Division exceeded its target for the second quarter and processed 38 applications per month. Additionally, the division serves as “agency reviewers” under the New Mexico Finance Authority and Water Trust Board’s project review team and as “cannabis water rights validation reviewers” for the Regulation and Licensing Division. Neither of these unfunded additional workloads are reflected in current performance goals, but they should be considered for inclusion to reflect agency productivity more accurately.

The Water Rights Abstract Bureau is responsible for populating and maintaining the Water Administration Technical Engineering Resource System (WATERS) and is on track to meet its target for FY23.

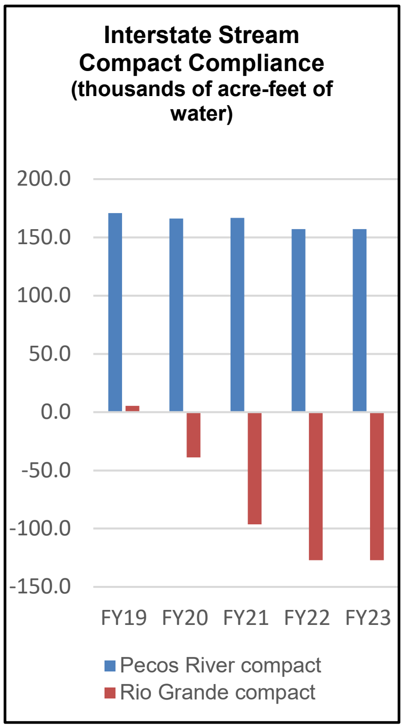
The Dam Safety Bureau planned for over 90 inspections in FY23 but so far has only performed twelve field inspections in the first half of the year. The bureau plans to use the Federal Emergency Management Agency’s National Dam Safety Grant funding to secure contract engineering assistance for dam inspections. It expects to use these engineers to meet its target for FY23.

Budget: $17,037.6 **FTE:** 171	**FY21 Actual**	**FY22 Actual**	**FY23 Target**	**FY23 Q1**	**FY23 Q2**	**Rating**
Number of unprotested and unaggrieved water right applications backlogged*	522	499	N/A	516	483	
Average number of unprotested new and pending applications processed per month	30.5	39	35	40	38	G
Number of transactions abstracted annually into the water administration technical engineering resource system database.	24,029	28,665	21,000	6,184	4,595	Y

Number of notices issued to owners of publicly owned dams notifying them of deficiencies or potential issues	78	61	45	4	8	G
Program Rating	Y	G		Y		Y

*Measure is classified as explanatory and does not have a target.

Interstate Stream Commission



The state's cumulative Pecos River Compact credit continues to be positive and is attributable primarily to the 2003 Pecos Settlement Agreement and significant investment in its implementation, including the purchase of water rights and construction of two augmentation wellfields. Under the Rio Grande Compact, New Mexico under-delivered by 30,800 acre-feet of water in 2021, which at the time represented a 32 percent increase in the size of the state's debit. New Mexico then over-delivered by 3,400 acre-feet in 2022, which is attributed largely to an above-average monsoon season. As a result of the 2022 over-delivery and further reductions resulting an agreement related to the federal government's unauthorized release of water in 2011, New Mexico's accrued debit for 2023 is expected to drop to -93,000 acre-feet in the next quarterly report, well below the compact compliance threshold of -200,000 acre-feet.

Budget: $12,996.4 **FTE:** 46	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	Rating
Cumulative New Mexico Unit fund expenditures, in thousands of dollars*	$22,050.0	$21,999.0	N/A	N/A	$22,300.0	
Cumulative state-line delivery credit per the Pecos River compact, in thousand acre-feet	166,600	157,200	>0	157,200	157,200	G
Cumulative delivery credit per the Rio Grande compact, in thousand acre-feet	-96,300	-127,100	>0	-127,100	-127,100	Y
Program Rating	G	Y		Y		Y

*Measure is classified as explanatory and does not have a target.

Litigation and Adjudication

The Litigation and Adjudication Program (LAP) is making progress in FY23 toward its goal of fully adjudicating water rights in the lower Rio Grande basin. The division made 75 settlement offers in the second quarter of FY23 and continued to increase the Lower Rio Grande Bureau's productivity. In addition, the program anticipates sending out offers in the Pecos adjudication for the third or fourth quarter of FY23, which will reduce dependency on the Lower Rio Grande Basin to meet this target alone.

Data continues to be entered into the LAP database and is being fused with hydrographic survey data to increase the accuracy of the division's second performance measure.

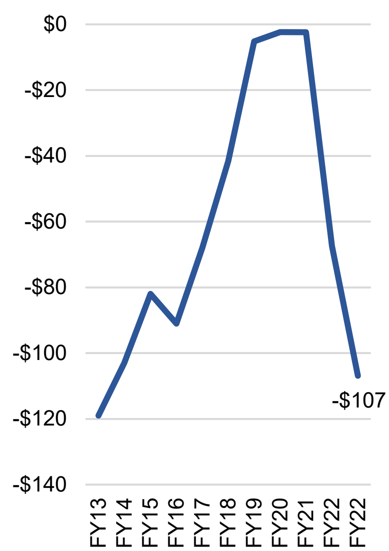
Budget: $7,618.2 **FTE:** 63	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	Rating
Number of offers to defendants in adjudications	381	142	300	63	75	Y
Percent of all water rights with judicial determinations	76.2%	76.5%	77%	76.6%	76.7%	Y
Program Rating	G	G		Y		Y

*Measure is classified as explanatory and does not have a target.

PERFORMANCE REPORT CARD
General Services Department
Second Quarter, Fiscal Year 2023

ACTION PLAN

Submitted by agency?	No
Timeline assigned?	No
Responsibility assigned?	No



The General Services Department (GSD) continues to report a mounting deficit in the agency's largest program, employee group health benefits. Performance data indicate medical expenses are increasing while premiums have not increased to match expenses to revenues. Under these conditions, the department will be challenged to contain costs in FY23. Improved health benefits performance reporting is vital to provide insight into cost drivers, care quality, and employee satisfaction with the benefits offered.

Risk Management Funds

The department's Risk Management Division oversees the state's share risk pools, including the public property fund, the workers compensation fund, and the public liability fund. Overall, the financial position of the three funds, determined by dividing the current assets by the current liabilities, is 42 percent, down from 56 percent in the first quarter. Projected assets are short of projected liabilities by $107 million. In FY21, assets were short of liabilities by only $2 million and in FY22, assets were short of liabilities by $67 million. The public property fund remains above the 50 percent target, and the workers' compensation fund remains only slightly below the target. Changes were driven mostly by the public liability fund, with projected liabilities of $105 million on assets of $27 million, or only 26 percent.

Budget: $102,700.7 **FTE:** 0	**FY21 Actual**	**FY22 Actual**	**FY23 Target**	**FY23 Q1**	**FY23 Q2**	**FY23 Q3**	**Rating**
Projected financial position of the public property fund*	523%	443%		225%	229%		G
Projected financial position of the workers compensation fund*	61%	60%		69%	50%		Y
Projected financial position of the public liability fund*	112%	66%		33%	26%		R
Program Rating	G	G		Y			Y

*Measure is classified as explanatory and does not have a target.

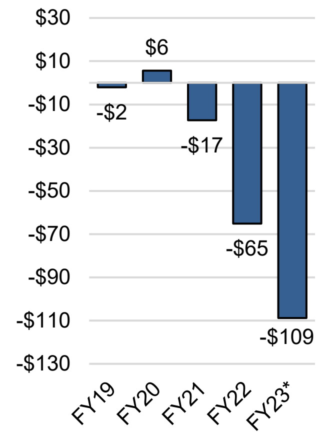
Group Health Benefits

Despite provisions of state law designed to prevent agencies from spending without available funds (see Section 6-5-6 NMSA 1978), the employee group health benefits program has been operating at a deficit since FY21. As a result, the Legislature appropriated $96 million to resolve deficits in the fund, including $35 million from the general fund. At time of budget submission, the department was projecting the $96 million would fully cover fund deficits. However, the department now projects a FY23 year end fund deficit of $109 million, not counting the appropriation.

Despite persistent shortfalls, the department has not increased health insurance rates for participating employees resulting in mounting shortfalls. Although the Legislature authorized a 5 percent rate increase for FY23, the governor vetoed funding for the increase, stating there would be no premium increase for FY23. For FY24, the Legislature included funding for a 10 percent rate increase, although the governor vetoed the requirement to raise rates for FY24.

The department reports per-member-per-month increase in healthcare costs of 13 percent. The financial position of the health benefits fund makes cost containment an even more pressing concern; however, a cost-containment strategy alone will not enable the department to close the funding gap in the absence of rate increases.

Health Benefits Fund Balance
(in millions)



*Projected

Source: GSD

Budget: $421,493.3 **FTE:** 0	**FY21 Actual**	**FY22 Actual**	**FY23 Target**	**FY23 Q1**	**FY23 Q2**	**FY23 Q3**	**Rating**
Change in average per-member-per month total healthcare cost	5.9%	5%	5%	-6%	13.8%		G
Year-end fund balance of the health benefits fund, in millions*	-$17.3	$-65.1	N/A	$-94.3	$-108.8		R
Annual loss ratio for the health benefits fund	NEW	-118%	98%	Annual Measure			
State group prescriptions filled with generic drugs	86.5%	87%	80%	86.2%	82.5%		G
Number of visits to the Stay Well Health Center*	6,248	4,540	N/A	1,691	2,155		Y
Percent of available appointments filled at the Stay Well Health Center*	50%	81%	N/A	62%	73%		R
Percent of eligible state employees purchasing state medical insurance*	81%	80%	N/A	Annual Measure			
Program Rating	R	R		R			R

*Measure is classified as explanatory and does not have a target.

Facilities Management

The Facilities Management Division (FMD) is responsible for maintaining 6.8 million square feet of state-owned and leased space. Recently, GSD prioritized moving employees from leased space to state-owned facilities as a cost savings measure; however, the state continues to lease 2.5 million square feet of private space. FMD reports only 74 percent of scheduled preventive maintenance activities were completed on time and only 80 percent of capital projects were completed on schedule. The division reports long wait times for materials to complete projects.

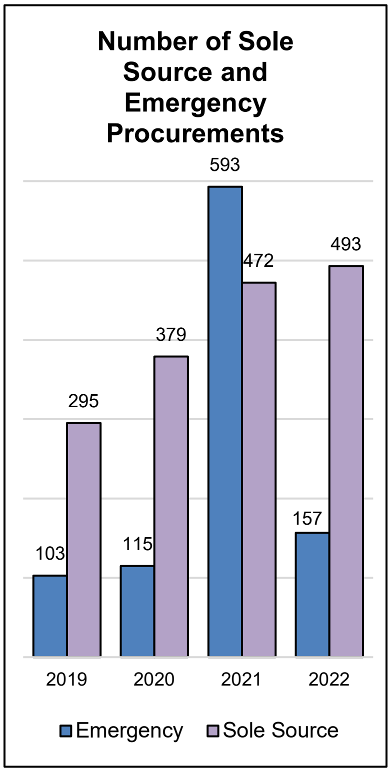
The department reports 100 percent of office leases met adopted space standards; however the department continues to exclude certain leases from this calculation. In the second quarter, the department excluded all six of the leases processed. Routine exclusion of leases from the performance data negates the usefulness of this performance measure.

The state has yet to realize projected cost savings from the green energy initiatives, with the department reporting $85 thousand in energy savings in FY22. In August 2019, FMD began a $32 million project to reduce energy use in state facilities, estimated to save at least $1.4 million per year, with guaranteed savings of $1.1 million.

Budget: $2,692.9 **FTE:** 28	**FY21 Actual**	**FY22 Actual**	**FY23 Target**	**FY23 Q1**	**FY23 Q2**	**FY23 Q3**	**Rating**
Capital projects completed on schedule	88%	93%	90%	91%	79.5%		R
Preventtive maintenance completed on time	48%	59%	80%	34.7%	73.5%		R
New office leases meeting space standards	100%	100%	85%	See Narrative			

Amount of utility savings resulting from green energy initiatives, in thousands*	$281.4	$85	N/A	$102.7	$62.2		R
Program Rating	R	Y		Y			R

*Measure is classified as explanatory and does not have a target.



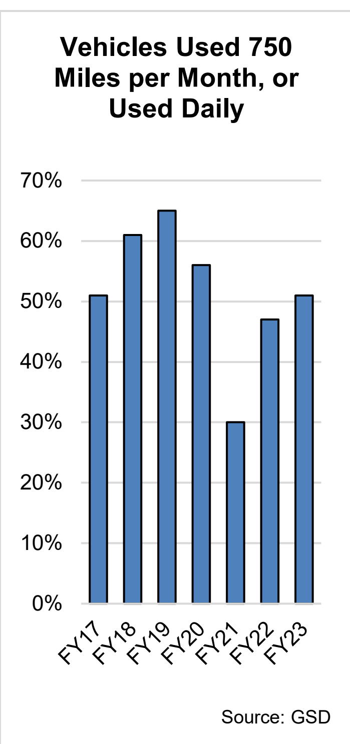
State Purchasing

The program reports all 77 executive agencies had designated chief procurement officers, and the agency met targets for procurement completion and timely contract review, sustaining improvement gained in FY22. The department reported an uptick in revenue received from pricelist purchases, rising from $3 million in FY21 to $3.8 million in FY22, a 27 percent increase, pointing to a rise in the number of agencies using price lists for procurement. Year-to-date, the purchasing division has collected $3.5 million in revenue, according to information from the state's accounting system.

In the 2023 session, the LFC-endorsed Senate Bill 76 proposed several changes to the Procurement Code as recommended by past LFC evaluations. These included repealing some widely used purchasing exemptions that circumvent competition and adding guardrails to the use of statewide price agreements. The bill received one hearing but no votes, and the recommended Procurement Code changes remain unaddressed.

Budget: $2,692.9 **FTE:** 28	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Agencies with certified procurement officers	95%	100%	100%	100%	100%		G
Procurements completed within targeted timeframes	NEW	88.5%	100%	94%	100%		G
Revenue generated through pricelist purchases, in thousands*	$2,988	$3,803	N/A	Annual Measure			
Percent of estimated payments from vendor sales	NEW	99%	80%	66.6%	99.9%		G
Average number of days for completion of contract review	8.1	4	5	3.4	3.1		G
Program Rating	G	G		G			G

*Measure is classified as explanatory and does not have a target.



Transportation Services

State agencies continue to underutilize vehicles, with only 51 percent of leased vehicles being used daily or for at least 750 miles per month, although the agency states daily vehicle use will increase as state government returns to normal business operations. However, even prior to the shift in state government operations to remote work, vehicle use was below the 70 percent target level.

Budget: $9,874.5 **FTE:** 31	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Percent of leased vehicles used for 750 miles per month or are used daily	30%	47%	70%	48%	51%		R
Average vehicle operation costs per mile*	$0.49	$0.55	$.59	Annual Measure			
Program Rating	Y	R					R

*Measure is classified as explanatory and does not have a target.

State Printing

The State Printing Program reported recovery in sales from the downturn caused by the Covid-19 pandemic, with revenue exceeding expenditures in FY22. Sales typically peak in the second and third quarters because the program completes print jobs related to the legislative session. The division continues to perform well, with all printing jobs delivered on time in the second quarter.

Budget: $2,045.4 **FTE:** 9	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Revenue exceeding expenditures	-0.6%	21%	5%		Annual Measure		
Percent of printing jobs delivered on time	100%	100%	99%	100%	100%		G
Sales growth in revenue	-11%	-2%	10%	2%	24%		G
Program Rating	Y	G		G			G

PERFORMANCE REPORT CARD
State Personnel System
Second Quarter, Fiscal Year 2023

New Mexico Legislative Finance Committee

ACTION PLAN

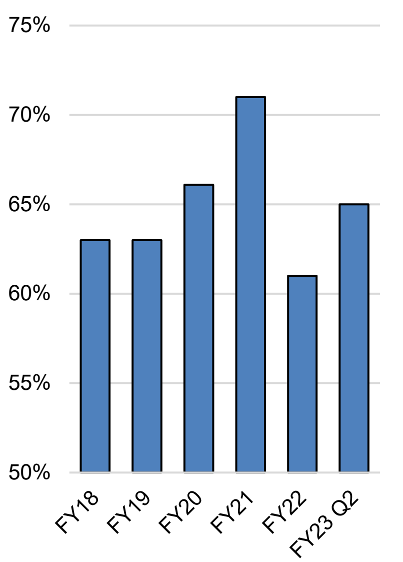
Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	No

The state continues to face challenges related to employee recruitment and retention. The State Personnel Office (SPO) reports the classified service vacancy rate is 23.7 percent, up 20 percent from the rate in FY21. State agencies continue to take longer to fill vacant positions, with "time to fill" averaging 72 days in the fourth quarter. Once positions are filled, fewer employees are completing their probationary period, with only 63 percent completing it in the first quarter. However, pay increases have improved the competitiveness of the state's salary schedules.

SPO has created a task force with agency human resources officers to reduce the time it takes to fill vacant positions. One factor could be agencies increasing the time a job is posted to find more qualified applicants in a tight job market. To better identify which agencies have longer time-to-fill results, SPO has said it will work to improve agency access to performance data. The agency should provide regular follow-up and support to help agencies not meeting targets to improve internal procedures. Additionally, the Legislature should consider agency performance in filling vacant positions as part of the FY24 budget process.

At SPO's request, a number of measures are classified as explanatory, meaning they do not have performance targets. However, ratings were given based, in part, on prior year performance.

New Employees Completing One Year Probation Period



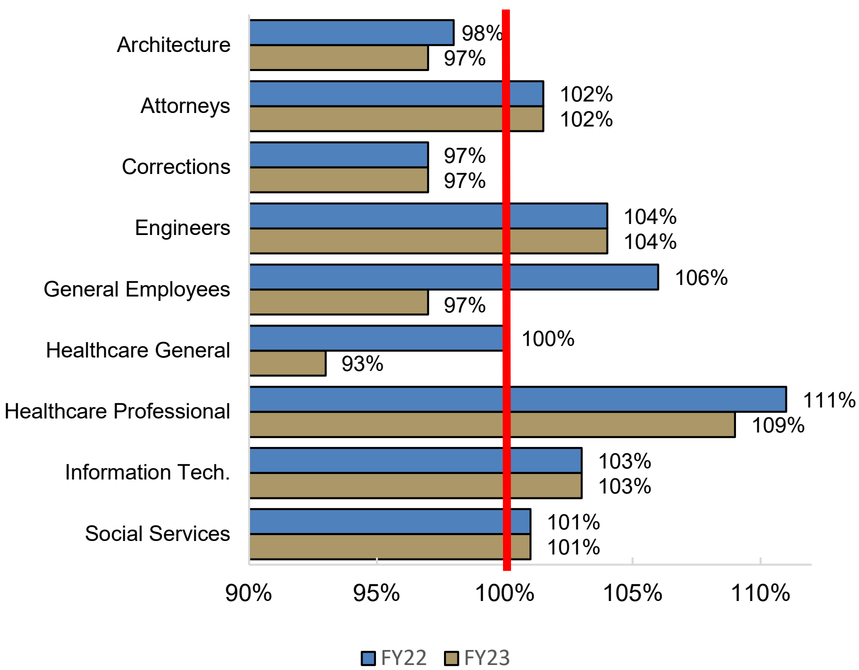
Source: SPO

Budget: $4,117.6 **FTE:** 46	**FY21 Actual**	**FY22 Actual**	**FY23 Target**	**FY23 Q1**	**FY23 Q2**	**FY23 Q3**	**Rating**
Average number of days to fill a position from the date of posting*	50.5	69		72	72		R
Classified service vacancy rate*	19.9%	22.8%		24.3%	23.7%		R
Percent of classified employees who successfully complete the probationary period*	71%	61%		63%	65%		R
Average classified employee compa-ratio*	103%	105%		98%	98%		G
Average classified employee new hire compa-ratio*	98.6%	101.5%		96%	97%		G
Number of hires external to state government*	1,996	2,969		775	810		G
Number of salary increases awarded*	NEW	NEW		56	95		
Average classified service employee total compensation, in thousands*	NEW	NEW		$98.3	$100		
Cost of overtime pay, in thousands*	NEW	NEW		$10,656	$8,304		
Program Rating	R	R					Y

*Measure is classified as explanatory and does not have a target.

SPO's quarterly report does not include information on salary competitiveness or turnover by job type, but measures of compa-ratio, or salary divided by midpoint of salary range, have improved in FY23. Overall, the average compa-ratio for state employees fell to 98 percent from 106 percent in FY22, and average compa-ratios for new state employees fell to 98 percent from 102 percent. This indicates new employees are accepting employment offers below the position midpoint, indicating the salary is more competitive with the broader job market.

Average Compa-Ratio by Salary Schedule, FY22 and FY23



Source: SPO Peformance Reports

For FY23, on average, state employees received a 9 percent salary increase, although increases varied from as little as 4 percent to as much as 30 percent, depending on an employee's pay band and compa-ratio. This increase was on top of an across-the-board 3 percent increase effective in April 2022. Notably, employees on occupational salary schedules received an across-the-board 4 percent increase, with higher raises for employees on the general salary schedule. This led to significant improvement in the competitiveness of the general salary schedule.

Between FY22 and FY23, the average compa-ratio for employees on the general schedule fell from 106 percent to 97 percent, while there was little improvement in other schedules. Smaller, across-the-board raises for occupation-specific schedules occurred, despite high vacancy rates and turnover among some of these professions, including correctional officers and child protective service employees.

Teleworking Policies. Two recent LFC program evaluations have found the state may not be taking advantage of a potential recruitment tool by building a system of remote work that reflects the modern job market. In February, executive agencies ended widespread remote work practices, with most employees required to return to the office. Evidence suggests current job seekers consider teleworking policies when choosing places to work; lack of permanent policies may harm competitiveness and lead to ad hoc policies more likely to negatively impact agency service delivery.

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

PERFORMANCE REPORT CARD: Second Quarter, FY23

Taxation and Revenue Department

For the second quarter of FY23, the Taxation and Revenue Department (TRD) fell short of its target for collectible audit assessments since the beginning of the fiscal year but is on track to meet its annual target for tax collections, with nearly all categories of collections being substantially higher than those submitted in the second quarter of FY22.

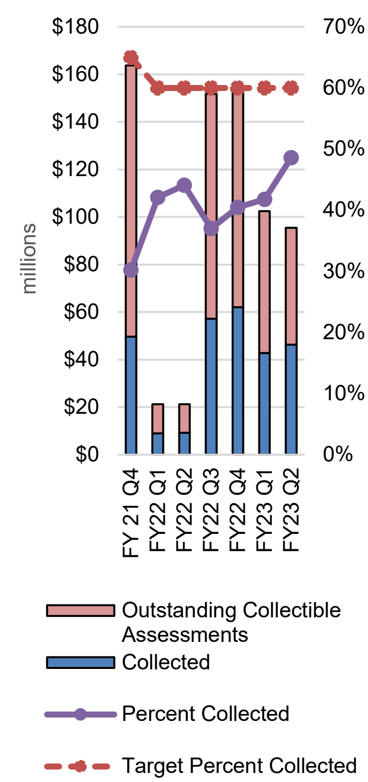
ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	No

Tax Administration

Of the $1 billion in outstanding tax collections for the state, the program collected $107.7 million at the end of the second quarter, slightly under 10 percent of the outstanding balance. The audit and compliance data analytics software project is 50 percent complete and will include a categorization of outstanding collections in its final phase along with other collection processing enhancements. Outstanding audit assessments collected a total of $46.3 million, of the $95.5 million outstanding in audit assessments since the beginning of Q1, 51 percent.

Collections as a Percent of Collectible Audit Assessments



Source: TRD

Budget: $23,383.8 **FTE:** 340.66

Measure	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Collections as a percent of collectible outstanding balances from the end of the prior fiscal year*	17.6%	15.5%	20%	6.3%	9.8%		R
Collections as a percent of collectible audit assessments generated in the current fiscal year	30.3%	40.5%	60%	41.8%	48.6%		G
Program Rating	R	R		Y	Y		

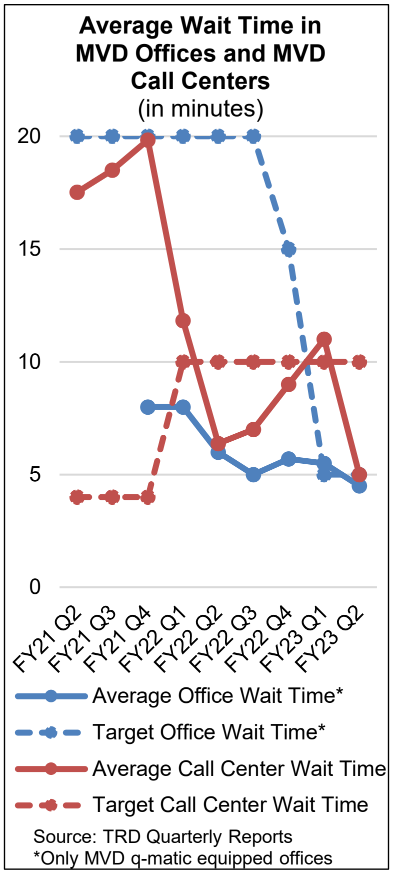
*Target is cumulative

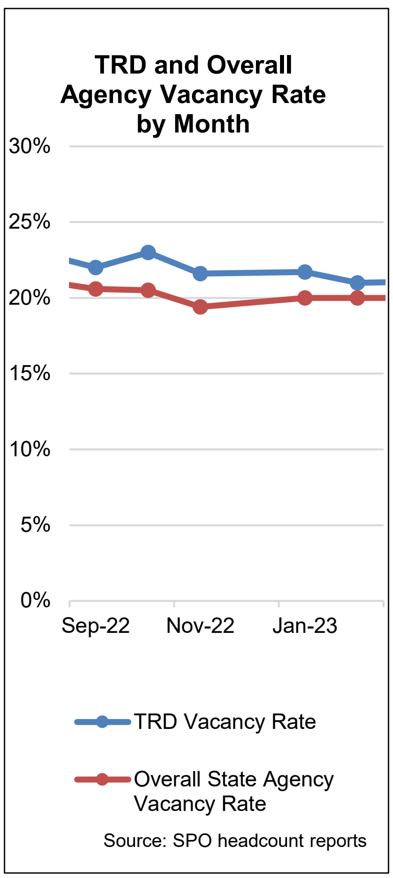
Compliance Enforcement

The Tax Fraud and Investigation Division (TFID) reported one case referred for prosecution and 33 open investigations. No tax fraud cases have been prosecuted during the second quarter due to delays in court scheduling and the 2nd Judicial Court's prioritization of violent crime cases. TFID is working with the District Attorney at the 1st Judicial Court to transfer cases for prosecution.

Budget: $1,870.3 **FTE:** 21

Measure	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Tax investigations referred to prosecutors as a percent of total investigations assigned during the year	67%	50%	85%	0%	20%		R
Successful tax fraud prosecutions as a percent of total cases prosecuted*	N/A	100%	100%	0%	0%		R
Program Rating	R	G		R	R		





Motor Vehicle

During the second quarter of FY23, Motor Vehicle Division average wait times in both "q-matic" equipped offices and call centers decreased, and average call center wait times decreased by more than half the wait time, to a little over five minutes per call. A new agent training program was launched and the call center's vacancy rate dropped from 36.4 percent to only 9 percent in the second quarter. The MVD served about 34 thousand fewer customers served in quarter two than in quarter one- a 20 percent decrease. There is one field office in Taos that cannot consistently provide a same-day or next-day appointment due to vacancies. MVD continues to be slightly below target on the number of registered vehicles with liability insurance.

Budget: $47,865.2 **FTE:** 332

Measure	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Registered vehicles with liability insurance	91.0%	91.1%	92%	91%	90.5%		Y
Average wait time in "q-matic" equipped offices, in minutes	8:00	6.48	5:00	5:27	4:49		G
Average call center wait time to reach an agent, in minutes	15:11	8:38	10:00	10:58	5:05		
Program Rating	Y	Y		G	Y		

Program Support

The division reports 4 percent of tax protest cases were scheduled for hearing at the Administrative Hearings Office compared to 10 percent last quarter. The division is on track to meet its performance target for the number of tax protest cases resolved, resolving 387 protest cases in the second quarter of FY23, or about 53 percent of its total target number of cases for FY23. No new audits were implemented this quarter. A total of 30 internal audits were processed and resolved with five procedures transferred to another department and five canceled.

Budget: $10,501.5 **FTE:** 102

Measure	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Tax protest cases resolved	1,590	1,690	1525	435	387		G
Internal audit recommendations implemented	100%	97%	90%	100%	0%		G
Program Rating	G	G		G	G		

*Measure is explanatory and does not have a target

Property Tax

The Property Tax Program (PTD) collected and distributed $1.6 million to counties in delinquent property taxes in the second quarter of FY23, about 4 percent of the annual target, recovering 2.8 percent of total delinquent property taxes. A temporary restraining order has been in place that has restricted a large number of delinquent parcels and the agency continues to work on a legal strategy to resume collection activities in restricted areas. "Re-offer" sales have also been a strategy.

Budget: $6,414.2 **FTE:** 40

Measure	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Delinquent property tax collected and distributed to counties, in millions	$8.2	$12.0	$10.0	$2.0	$1.6		Y
Percent of total delinquent property taxes recovered	18.7%	23.0%	15%	3.8%	2.8%		Y
Program Rating	G	G		Y	Y		

IT Project Status Report – FY23 Second Quarter

Project Status Legend

G	Project is on track; scope, budget, schedule, and deliverables are being managed appropriately.	
Y	Project has potential risk to scope, cost, schedule, or deliverables; independent verification and validation (IV&V) or LFC staff has identified one or more areas of concern needing improvement.	
R	Significant issues limit success of the project; high risks to scope, cost, schedule, or deliverables identified; management attention and corrective action needed.	
Status Trend	↗ Project status has shown improvement this quarter (example: A project moved from red to yellow)	↘ Project status has declined since last quarter (ex. A project moved from green to yellow)

DoIT-Led Projects

Y

The **P25 public safety radio project** ($65.2 million; 90.6 percent expended) will replace and upgrade public safety radio equipment statewide for an estimated cost of $170 million. The agency has certified all of its available funding and the project certification committee approved release of $26 million in October 2022 to implement the next project phase. Schedule risks are being adequately managed and, because the agency has started to see a more consistent capital investment, DoIT is also showing progress on mitigating budget risks.

Y ↗

DoIT's **cybersecurity project** ($7 million; 85 percent expended) aims to monitor and address state cybersecurity risks. DoIT added one additional agency to its monthly vulnerability scanning efforts. The project is expected to close out in June 2023. DoIT signed on with its security operations center contract in March 2022 and is on track for a full roll out of the center—a key deliverable of the project—by June 2023 for DoIT and 18 DoIT-supported agencies, improving the agency's schedule risk status this quarter.

Y ↗

2021 legislation created a new **statewide broadband program** ($237.2 million; 11 percent expended) within DoIT and the new Office of Broadband Access and Expansion (OBAE). The office awarded five grants totaling $37 million from the Connect New Mexico pilot program so far. The program is showing decreased risk as the office continues to spend available funding and establish rules for administering future grant programs.

Executive Agency IT Projects

R ↘

The Human Services Department's (HSD) **child support enforcement system replacement (CSESR) project** ($32.9 million; 44.6 percent expended) aims to replace the legacy child support application. The agency did not request additional funds for the project for FY24 but is requesting to reauthorize nearly $2.8 million in outstanding balances from prior year appropriations. However, project cost estimates have increased—totaling $76 million, up from $70 million—alongside an expanded timeline through FY27 that has not yet been certified by the project certification committee (PCC), posing risk. Therefore, the agency risk status is increased to red.

Y

HSD's **Medicaid management information system replacement (MMISR) project** ($294.5 million; 57.5 percent expended), which will replace the legacy MMIS application, is supported by a 90 percent federal funding match at a total estimated cost of $346.3 million. The project has seen substantial delays—estimated to be completed in FY27—and cost overruns. However, HSD continues to submit annual required updates to federal partners alongside the Children, Youth and Families Department, with the most recent update submitted in October 2022. Pending approval of this update, the project continues to face moderate risks.

Y

The Children, Youth and Families Department's **comprehensive child welfare information system (CCWIS) project** ($17.5 million; 52.2 percent expended) intends to replace the old family automated client tracking system, or FACTS. Initially expected in FY23, the project is now estimated to be completed in FY25. Project costs increased from $45 million to $71 million. CYFD completed an analysis of project expenditures to ensure past expenditures were made for allowable project use and is onboarding its new project management office. CYFD also received federal approvals for its updated planning document, improving risk.

Y

The Correction's Department's (NMCD) **offender management system replacement project** ($16.3 million; 99.2 percent expended) will replace the 15-year-old legacy client server for $16.3 million, of which $2.3 million is from the agency operating budget. Independent verification and validation (IV&V) closeout reports were provided at the end of December 2022 and the agency plans for go-live at the end of the third quarter. However, all deliverables from the initial request for proposals have been completed as of June 30, 2022 except one, payment of which will coincide with project completion.

G

NMCD's **electronic health records project** ($6.7 million; 35.1 percent expended) is intended to replace the existing paper healthcare records system with an electronic based system that will integrate and exchange information across systems. NMCD initiated the electronic health records project in June 2021 and entered the planning phase in May 2022. So far, the agency executed staff augmentation contracts, independent verification and validation (IV&V) contracts, and purchased licenses for the software and cloud hosting licenses.

Y

The Department of Public Safety's (DPS) **records management system (RMS) project** ($7.4 million; 44.2 percent expended) and **computer-aided dispatch (CAD) project** ($3 million; 38.9 percent expended) will provide public safety agencies with a new data repository for $7.4 million. The agency has experienced delays to its CAD implementation due to issues with geographic information system (GIS) enhancements and has delayed go-live as a result but will not incur additional costs from the vendor. Testing and training continues.

G

DPS's **intelligence led policing project** ($6.2 million; 2.9 percent expended) will implement a new system to incorporate the needed data and analytics functions to generate valuable intelligence to more efficiently direct law enforcement resources in a proactive rather than reactive approach. DPS was certified to enter the planning phase for the intelligence-led policing project in December 2022. Project risks are being adequately managed.

G

The Higher Education Department's **longitudinal data system (LDS) project** ($7.5 million; 18.4 percent expended) will implement a cloud-based data repository to aggregate New Mexico's education and workforce data for a total estimated cost of $9.9 million. HED ingested initial data into its repository in December 2022, including the Early Childhood Observation Tools data from the Early Childhood Education and Care Department, Data Editing and Reporting System data from HED, and Unemployment Insurance Tax and Claims system data from the Workforce Solutions Department. However, the agency is experiencing an 8-week delay.

Y

The Regulation and Licensing Department's **permitting and inspection software modernization project** ($7.3 million; 40.0 percent expended) will replace the legacy system Accela for $7.3 million. RLD is underway with the next set of six boards; however, the agency experienced a recent cyber-attack to its on premise licensing system, so to prevent additional attacks and mitigate risks, the agency is undergoing changes to the project timeline and hopes to deploy the next set of boards on an accelerated schedule by April 2023. No additional spending has been reported this quarter.

OVERVIEW

Project Phase	Implementation
Start Date	9/27/18
Est. End Date	6/30/24
Revised	6/30/27
Est. Total Cost	$150,000.0
Revised	$170,000.0

Project Description:

The P25 digital statewide public safety radio system upgrade project will upgrade and replace public safety radio equipment and systems with digital mobile communications for public safety organizations.

P25 Digital Public Safety Radio System Upgrade Project

Overall Status

The Department of Information Technology (DoIT) certified all its available funding and has deployment plans through the end of calendar year 2024 for its radio upgrade project. Subscriber agencies include New Mexico State Parks, New Mexico State University, and Spaceport America. Subscriber fees generate roughly $1.9 million in revenue per year, and DoIT expects revenue of $6 million per year once complete.

Measure	FY21 Rating	FY22 Rating	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Budget	Y	Y	Y	Y		Y
Schedule	Y	Y	Y	Y		Y
Risk	Y	R	Y	Y		Y
Overall Rating	Y	Y	Y	Y		Y

Budget

DoIT received $26 million in severance tax bond revenue during the 2022 legislative session and requested another $26 million for FY24. The project certification committee recommended approval for release of $26 million in October 2022 to implement the next phase. Spending totals nearly 91 percent of available funding with a balance of just $6 million, so future appropriations are necessary to continue with project deployments, posing moderate risk to the project given the amount of time remaining in the project.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding[1]	Spent to Date	Balance	% of Appropriations Spent
$65,164.3	$0.0	$65,164.3	$59,030.0	$6,134.3	90.6%

[1] Total funding includes $1.3 million from the equipment replacement fund and $1.5 million repurposed from another DoIT project

Schedule

DoIT still expects project closeout in June 2027 and updates deployment plans on an ongoing basis. DoIT reports the Sandoval deployments are complete for available sites, with just two sites pending site feasibility studies. DoIT notes its contract for the 2023 expansion proposal is under review and plans for an additional 36 DTRS sites and completion of the I-10 and I-25 corridors in the next project phase project. Schedule risk will decrease as the agency makes progress on meeting site deployment milestones.

Risk

Schedule risks are being adequately managed. DoIT is also showing progress on mitigating risks due to a more consistent capital investment by the Legislature. Continued appropriations and progress on planned upgrades will address risks over time.

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

INFORMATION TECHNOLOGY REPORT CARD
Department of Information Technology
Second Quarter, Fiscal Year 2023

OVERVIEW

Project Phase	Implementation
Start Date	11/26/18
Est. End Date	6/30/20
Revised	6/30/23
Est. Total Cost	$7,000.0

Project Description:

The enterprise cybersecurity project will establish a framework and foundation for the state's cybersecurity structure, including identifying tools for compliance monitoring and cybersecurity management, and implement an enterprise cybersecurity operations center.

Enterprise Cybersecurity Project

Overall Status

DoIT continues its vulnerability scanning program with 71 participating agencies, of which 69 are executive branch agencies, and is pursuing a more sustainable cybersecurity program via changes to administrative code and a recurring cyber budget. DoIT requested a $5 million increase in its' recurring operating budget and $15 million in capital outlay funding to support cybersecurity for FY24.

Measure	FY21 Rating	FY22 Rating	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Budget	Y	Y	Y	Y		Y
Schedule	Y	Y	Y	G		G
Risk	R	Y	Y	Y		Y
Overall Rating	Y	Y	Y	Y		Y

Budget

The total project budget is currently certified. The agency reports spending 85 percent of available funds. The agency requested increases for FY24 in both recurring and one-time funding for cybersecurity services beyond the scope of this project. Budget risk is manageable given progress on spending and agency efforts to ensure the longevity of project outcomes and deliverables by securing long-term recurring funding.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding	Spent to Date	Balance	% of Appropriations Spent
$7,000.0	$0.0	$6,951.1	$5,883.6	$1,067.5	85.0%

Schedule

The project is expected to close out in June 2023. DoIT signed on with its security operations center contract in March 2022 and is on track for a full roll out of the center—a key deliverable of the project—by June 2023 for DoIT and 18 DoIT-supported agencies, improving risk. In addition, the agency is building its cybersecurity program by pursuing recurring funding and legislative changes to facilitate strategic implementation of additional initiatives, such as cybersecurity awareness training.

Risk

DoIT continues monthly vulnerability scanning of 71 agencies. This, combined with the efforts of the agency and LFC working group to determine recurring funding mechanisms for cybersecurity, continues to help mitigate risks. The agency is engaging in limited monthly reporting surrounding project activities due to the sensitive nature of the project, so project updates should be provided as appropriate in a secure setting on a regular basis to ensure adequate project oversight by the Legislature while maintaining protections over sensitive project activities or information.

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

INFORMATION TECHNOLOGY REPORT CARD
Department of Information Technology
Second Quarter, Fiscal Year 2023

OVERVIEW

Project Phase	Planning
Start Date	7/1/21
Est. End Date	Ongoing
Est. Total Cost	TBD

Project Description:

The Statewide Broadband Program will support the implementation and expansion of broadband statewide, including uses of funds from the Connect New Mexico Fund.

Statewide Broadband Program

Overall Status

For the Statewide Broadband Program, the Office of Broadband Access and Expansion (OBAE) awarded five grants totaling $37 million from the Connect New Mexico pilot program. The office is coordinating with the Federal Communications Commission for mapping and participated in over 150 community events, including nine tribal events. The department is making progress on staffing and spending, decreasing risk.

Measure	FY21 Rating	FY22 Rating	FY22 Q1	FY22 Q2	FY22 Q3	Rating
Budget	R	R	R	Y		Y
Schedule	Y	Y	Y	Y		Y
Risk	Y	Y	Y	Y		Y
Overall Rating	R	R	R	Y		Y

Budget

The agency is expected to receive $25 million in new general fund revenues and $99 million to be re-appropriated from the connect New Mexico fund in FY24 and FY25, to be used for grants and administration and operations. The agency is also receiving $5.7 million from the National Telecommunication and Information Administration. The agency is making progress on spending and awarding connect New Mexico funds, decreasing risk this quarter.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding[1]	Spent to Date	Balance	% of Appropriations Spent
$112,680.6	$124,566.8	$237,247.4	$26,150.8	$211,096.6	11.0%

[1] Program funding includes $100 million to the connect New Mexico fund to be provisioned by the OBAE and $137.2 million to DoIT, including $123 million in federal funds allocated to DoIT from federal ARPA funds and $1.5 million in CARES Act funding.

Schedule

The office is making progress on administering grants and meeting deadlines for federal grant opportunities. The program does not have an explicit end date but project activities will likely continue in alignment with timelines for federal grant programs. For example, the Broadband Equity, Access and Deployment program requires a five-year action plan, including one year for planning and four years for implementation, so this program is likely to continue long-term through at least FY26.

Risk

The program is showing decreased risk as the office continues to spend available funding and establish rules for administering future grant programs. The office should continue to establish processes for administering and tracking broadband funds, which will improve transparency and oversight as well as reduce program risk.

OVERVIEW

Project Phase	Implementation
Start Date	12/18/13
Est. End Date	6/30/19
Revised	3/31/25
Est. Total Cost	$65,581.9
Revised	$76,699.4

Project Description:

The child support enforcement system (CSES) Replacement project will replace the more than 20-year-old child support enforcement system with a flexible, user-friendly solution to enhance the department's ability to comply with and meet federal performance measures.

Child Support Enforcement System Replacement Project

Overall Status

The Human Services Department (HSD) completed improvements to the system design (refactoring) and an upgrade of the old system to a new, modern cloud platform (refactoring). The final replacement effort is now underway, including development of a public-facing portal, case management integration, and financial management. However, project cost estimates have increased alongside an expanded timeline that has not yet been certified by the project certification committee (PCC), posing risk.

Measure	FY21 Rating	FY22 Rating	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Budget	Y	Y	Y	R		R
Schedule	Y	Y	Y	R		R
Risk	Y	Y	Y	Y		Y
Overall Rating	Y	Y	Y	Y		Y

Budget

The agency did not request additional funds for FY24 but did request to reauthorize nearly $2.8 million from prior appropriations. The executive steering committee approved an increased budget in October 2022 of $76 million—up from $70 million. The agency reports these cost increases resulted from expanding the project timeline, which the agency is planning to submit with its next federal certification submission, involving more staff and contractual support for planning and implementation. However, the new budget and schedule have not been certified by PCC.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding	Spent to Date	Balance	% of Appropriations Spent
$10,018.6	$22,848.0	$32,866.6	$14,647.0	$18,219.6	44.6%

Schedule

The agency has resumed the rollout planned for 15 offices but is experiencing some issues and potential delays regarding cloud migration efforts with one of its' vendors, DataBank. HSD reports the executive steering committee approved an extended timeline through FY27, but the agency has not certified a project schedule change with PCC.

Risk

The federal Office of Child Support Enforcement approved the project planning advanced planning document in December 2022 as well as the project management office request for quotes. The agency is working through some issues with its cloud migration and data extractions and, once complete, plans to close out its cloud migration portion of the project. However, changes to schedule and timeline pose increasing risk.

OVERVIEW

Project Phase	Implementation
Start Date	12/18/13
Est. End Date	12/30/21
Revised	8/31/26
Est. Total Cost	$221,167.8
Revised	$346,319.8

Project Description:

The Medicaid management system replacement project will replace the current Medicaid management information system (MMIS) and supporting applications, including the Medicaid information technology architecture, to align with federal Centers for Medicare and Medicaid Services (CMS) requirements.

Medicaid Management Information System Replacement Project

Overall Status

The Human Services Department's (HSD) Medicaid management information system replacement (MMISR) project has experienced several delays and continues to face risk given the large cost of the project. If the agency receives requested funding in FY24, the project will be fully funded unless additional project budget increases occur. Continued progress on spending and staying within the current budget could improve risk over time.

Measure	FY21 Rating	FY22 Rating	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Budget	R	Y	Y	Y		Y
Schedule	R	R	R	R		R
Risk	R	Y	Y	Y		Y
Overall Rating	R	Y	Y	Y		Y

Budget

The agency is requesting an additional $7.4 million in FY24, with an associated $67.5 million federal match, and to reauthorize nearly $86 million in prior year balances. Pending approval of additional appropriations, the project budget shows a balance of $125 million, with just over 57 percent expended. If FY24 amounts are approved, the project will be fully funded based on the most recent project budget ($346 million).

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding	Spent to Date	Balance	% of Appropriations Spent
$30,331.7	$264,215.6	$294,547.2	$169,449.5	$125,097.7	57.5%

Schedule

The agency continues to submit annual required updates to federal partners for advanced planning documents alongside the Children, Youth and Families Department, with the most recent update submitted in October 2022. The agency reports working on final federal questions that were requested as a follow up to that plan.

Risk

All aspects of the advanced planning document were approved by the federal partners in January 2022. However, the agency must continue to meet scheduled milestones and maintain the overall project schedule to ensure integration with all necessary systems and to avoid additional cost overruns over time. Pending approval of cost allocation updates, the project continues to face moderate risks.

OVERVIEW

Project Phase	Implementation
Start Date	9/1/17
Est. End Date	10/31/22
Revised	6/31/25
Est. Total Cost	$36,000.0
Revised	$71,068.0

Project Description:

The comprehensive child welfare information system (CCWIS) replacement project will replace the legacy Family Automated Client Tracking System (FACTS) with a modular, integrated system to meet the federal Administration on Children and Families (ACF) requirements.

Comprehensive Child Welfare Information System Replacement Project

Overall Status

The Children, Youth and Families Department's (CYFD) comprehesive child welfare information system replacement (CCWIS) project is in the planning and procurement phase, and project budget reconciliations have been completed. Project approvals from federal partners for updates to the advanced planning document improves budget risk.

Measure	FY21 Rating	FY22 Rating	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Budget	R	Y	R	Y		Y
Schedule	R	R	R	R		R
Risk	R	Y	Y	Y		Y
Overall Rating	R	Y	Y	Y		Y

Budget

For FY24, the agency expects to receive $18 million from the general fund, $11 million from federal partners, and $3 million from the Center for Medicaid and Medicare Services (CMS) through HSD. Reported expenditures decreased this quarter because the agency identified $398 thousand used for operating costs for the Binti Protective Services module that was spent within the IT operating budget that were previously reported as CCWIS expenditures. CYFD also received federal approvals for its latest updated advanced planning document, improving risk.

Budget Status Overview
(in thousands)

State	Federal*	Total Available Funding	Spent to Date	Balance	% of Appropriations Spent
$16,524.2	$930.8	$17,455.0	$9,116.7	$8,338.3	52.2%

* An estimated $17.1 million in federal funding for FY22 was reduced to $4.9 million upon approval of planning documents

Schedule

The agency developed a new schedule with milestones, deliverables, and tasks to prepare for the project contractor to begin implementation in June. Independent verification and validation (IV&V) reports show improved schedule risks, but a master schedule is still not complete as of December pending the new project management office, posing risk.

Risk

CSG submitted its final monthly IV&V report and was contracted to be the CCWIS project management office, and a new IV&V contractor is being brought on. December reports note CYFD's project planning document is approved by the federal partners through September 2023, which had updates to the project cost allocation methodology. Developing a master schedule and additional project spending will further improve risks.

OVERVIEW

Project Phase	Implementation
Start Date	5/1/15
Est. End Date	6/30/19
Revised	12/31/22
Est. Total Cost	$14,230.0

Project Description:

The offender management system replacement project will replace the legacy client server offender management system with a commercial-off-the-shelf (COTS), web-based solution. The COTS solution has 17 modules associated with agency requirements.

Offender Management System Replacement Project

Overall Status

The Corrections Department (NMCD) is nearly finished with its offender management system replacement project, having completed 98 percent of user acceptance testing and planning for final go-live at the end of the third quarter. The agency also largely completed end user and other training with Adult Prisons and Probation and Parole Divisions and have implemented "train the trainer" models to support more in-house development and maintenance capabilities.

Measure	FY21 Rating	FY22 Rating	FY23 Rating	FY23 Q2	FY23 Q3	Rating
Budget	G	G	G	G		G
Schedule	Y	Y	Y	Y		Y
Risk	Y	Y	G	G		G
Overall Rating	Y	Y	Y	Y		Y

Budget

The project is fully funded and NMCD did not receive additional funding in the 2022 legislative session. The total project budget includes $2.3 million contributed from business areas and the agency operating budget. The agency did not request additional funding in FY24 and is anticipating a small reversion of around $10 thousand.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding[1]	Spent to Date	Balance	% of Appropriations Spent
$14,230.2		$16,527.0	$16,389.1	$137.9	99.2%

[1]Amount includes $2.3 million contributed from business areas and the agency operating budget.

Schedule

Independent verification and validation (IV&V) closeout reports were provided at the end of December 2022 and the agency plans for go-live at the end of the third quarter. All deliverables from the initial request for proposals have been completed as of June 30, 2022 except one. Payment of the final deliverable will coincide with go live.

Risk

The agency continues to move towards a successful closeout. The system functionalities should meet expectations upon closeout with modules for accessing offender demographics and personal information, court and disposition information, offender relationships, fees and fines owed by an offender, good time calculations, community financials, and docket assignments in one unified system, which will create efficiencies for the agency and improve continuity of inmate care. The agency has successfully mitigate risk despite high vacancies and some initial delays.

NEW MEXICO LEGISLATIVE FINANCE COMMITTEE

INFORMATION TECHNOLOGY REPORT CARD
Corrections Department
Second Quarter, Fiscal Year 2023

OVERVIEW

Project Phase	Planning
Start Date	7/1/21
Est. End Date	6/30/24
Est. Total Cost	$6,738.0

Project Description:

The electronic health records (eHR) project will replace the existing paper healthcare record system at the Correction's Department to allow systems to integrate and exchange patient information among providers and improve continuity of care for New Mexico's roughly 5,700 inmates.

Electronic Health Records Project

Overall Status

The Corrections Department (NMCD) initiated the electronic health records project in June 2021 and entered the planning phase in May 2022. The Department of Health is implementing a similar project, but the agencies determined that separate, rather than combined, systems are needed, with the intent to integrate the two systems. So far, the agency executed staff augmentation contracts, independent verification and validation (IV&V) contracts, and purchased licenses for the software and cloud hosting licenses.

Measure	FY21 Rating	FY22 Rating	FY23 Rating	FY23 Q2	FY23 Q3	Rating
Budget	NEW	NEW	G	G		G
Schedule	NEW	NEW	G	G		G
Risk	NEW	NEW	G	G		G
Overall Rating	NEW	NEW	G	G		G

Budget

In FY20, $750 thousand was appropriated to the agency to begin the project. However, during a special Legislative session, the monies appropriated for the project were recouped. During the FY21 funding cycle, NMCD was appropriated $500 thousand to initiate planning and an additional $6.2 million to continue the project in FY22. The agency reports spending of $2.3 million so far, or around 35 percent of available funds.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding	Spent to Date	Balance	% of Appropriations Spent
$6,738.0		$6,738.0	$2,366.1	$4,371.9	35.1%

Schedule

So far, the agency has initiated the project and entered the planning phase, with completion expected in 2024. The agency is close to finalizing the statement of work and contract with the vendor and has purchased licenses for the software and cloud hosting licenses, showing good progress in initial stages of the project.

Risk

The agency contracted with an IV&V vendor—a best practice oversight for managing and reporting on project risks. The agency also plans to implement a cloud-based system, which must meet several security standards and protocols, including federal cybersecurity controls, information security and data privacy, and auditing standards, which mitigates project risk. The agency is proactively considering its needed interfaces and data exchanges, which also helps mitigate risk.

INFORMATION TECHNOLOGY REPORT CARD
Department of Public Safety
Second Quarter, Fiscal Year 2023

OVERVIEW

RMS

Project Phase	Implementation
Start Date	5/10/16
Est. End Date *Revised*	6/30/21 3/1/23
Est. Total Cost	$7,3813

CAD

Project Phase	Implementation
Start Date	9/23/20
Est. End Date *Revised*	12/21/21 3/1/23
Est. Total Cost	$3,000.0

Project Description:

The records management system (RMS) project will replace various nonpayer record storage with an integrated records management system.

The computer aided dispatch (CAD) project will implement a new dispatch system because the current system is no longer supported.

Records Management System/Computer-Aided Dispatch Projects

Overall Status

The Department of Public Safety (DPS) is pursuing both the records management system (RMS) and computer-aided dispatch (CAD) projects simultaneously, but the agency has experienced delays to its CAD implementation due to issues with geographic information system (GIS) enhancements and has delayed go-live as a result. However, the agency continues with training and testing, implementing "train the trainer" models to facilitate more development and maintenance capabilities in-house.

Measure	FY21 Rating	FY22 Rating	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Budget	G	G	G	G		G
Schedule	Y	Y	Y	Y		Y
Risk	Y	G	G	Y		Y
Overall Rating	Y	G	G	Y		Y

Budget

The agency did not request additional funds to support the projects for FY24 but did request to reauthorize a balance of $4.4 million for the RMS project and $2 million for the CAD project through FY24. Although CAD implementation contracts may go beyond the initial 4-year timeframe, the agency will not have to pay anything additional to continue the contract through October 2023 to ensure GIS is functioning properly.

Budget Status Overview
(in thousands)

	State	Federal	Total Available Funding	Spent to Date	Balance	% of Appropriations Spent
RMS	$7,381.3		$7,381.3	$3,258.9	$4,122.4	44.2%
CAD	$3,000.0		$3,000.0	$1,167.2	$1,832.8	38.9%

Schedule

Due to delays, the agency decided to separate the planned go-live for the RMS and CAD systems. DPS continues to plan for a May 2023 go-live for RMS but now expects to go live with CAD in August 2023. The agency's schedule risk remains moderate and could increase if additional delays are experienced.

Risk

Due to delays, project risk status is now moderate. However, the agency continues with disaster recovery planning, training, testing, and has continued to engage with other states who have implemented similar systems to support best practices and mitigate risks. Continued progress on meeting new timelines may improve risk status.

OVERVIEW

Project Phase	Initiation
Start Date	4/28/22
Est. End Date	6/30/23
Est. Total Cost	$6,210.0

Project Description:

The intelligence-led policing project will integrate collected data from several existing systems into a central repository that will leverage data analytics, artificial intelligence, and data visualization for more efficient and more comprehensive investigations and policing efforts.

Intelligence-Led Policing Project

Overall Status

The Department of Public Safety (DPS) was certified to enter the planning phase for the intelligence-led policing project in December 2022. According to the department, the project will implement a new system to incorporate the needed data and analytics functions for more comprehensive investigations and policing efforts. The agency has completed system demonstrations and started working on contracts for a data engineer and for an assessment of the agency's needs for building a data repository.

Measure	FY21 Rating	FY22 Rating	FY23 Rating	FY23 Q2	FY23 Q3	Rating
Budget	NEW	NEW	G	G		G
Schedule	NEW	NEW	G	G		G
Risk	NEW	NEW	G	G		G
Overall Rating	NEW	NEW	G	G		G

Budget

DPS received just under $3.4 million to initiate the project in FY23. The agency is requesting an additional $2.2 million in FY24 to continue the project planning and implementation phases. The agency anticipates non-recurring costs of $6.2 million and recurring costs over the first five years of $15.9 million. The agency reports spending just under $100 thousand, or around 3 percent of the total project appropriations.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding[1]	Spent to Date	Balance	% of Appropriations Spent
$3,380.0		$3,380.0	$98.4	$3,330.5	2.9%

Schedule

DPS initiated the project in May 2022 and is planning for a data repository to be rolled out at DPS by 2024. The agency will prioritize the Albuquerque Police Department data first, given that the entity is the largest and is already a customer of one of the chosen vendors, Mark43. Then, the agency would consider rollout to additional agencies.

Risk

The agency enagaged the executive steering comitte in December 2022, which is a best practice for managing risks during the lifetime of a project. The agency notes it is actively considering ways to ensure compliance with Criminal Justice Information Services (CJIS) requirements and is working with vendors to meet the agency's data needs without compromising data security. Project risks are being adequately managed.

OVERVIEW

Project Phase	Implementation
Start Date	8/27/20
Est. End Date	6/30/24
Est. Total Cost *Revised*	$11,030.0 $9,930.0

Project Description:

The New Mexico longitudinal data system project will comprehensively aggregate and match New Mexico's education and workforce data into a single cloud data platform. Partner agencies include the Early Childhood Education and Care Department, the Public Education Department, the Department of Workforce Solutions, and the Division of Vocational Rehabilitation

New Mexico Longitudinal Data System Project

Overall Status

The Higher Education Department (HED) continues progress on the New Mexico longitudinal data system project (NMLDS), having ingested initial data into its repository in December 2022, including the Early Childhood Observation Tools data from the Early Childhood Education and Care Department, Data Editing and Reporting System data from HED, and Unemployment Insurance Tax and Claims system data from the Workforce Solutions Department. The agency experienced an 8-week delay, but continued progress can help mitigate schedule risk over time.

Measure	FY21 Rating	FY22 Rating	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Budget	NEW	G	G	G		G
Schedule	NEW	G	Y	Y		Y
Risk	NEW	Y	Y	Y		Y
Overall Rating	NEW	G	G	G		G

Budget

HED was approved for a $559 thousand grant from the Gates Foundation and, for FY24, the agency reduced its state funding request from $5.9 million to $1.7 million to more accurately reflect remaining project costs since the project is already 75 percent funded. The agency also expects a federal State Longitudinal Data System grant to open in spring 2023, which should help support the project budget through completion.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding[1]	Spent to Date	Balance	% of Appropriations Spent
$3,954.3	$3,500.0	$7,454.3	$1,374.2	$6,080.1	18.4%

[1]Amount includes $5.6 thousand from DWS and $23.7 thousand from HED. Federal amount includes $1.5 million from ECECD.

Schedule

The agency was approved for an eight week delay to the overall project timeline due to purchase order issues and, as such, the risk rating for schedule was increased in the first quarter. The agency reports re-baselining the project schedule in October, so continued progress on meeting this new timeline will result in a decreased risk status in future quarters as more project milestones are met.

Risk

HED transitioned from a single point of contact to a team approach for project management. The new team is completing its onboarding and is using SmartSheet as a project management tool. HED anticipates another round of federal funding in FY24 to meet any budgetary gaps, which helps mitigate project budget risks.

INFORMATION TECHNOLOGY REPORT CARD
Regulation and Licensing Department
Second Quarter, Fiscal Year 2023

OVERVIEW

Project Phase	Implementation
Start Date	5/23/18
Est. End Date	9/30/23
Est. Total Cost	$7,297.0

Project Description:

The permitting and inspection software modernization project will modernize and replace the agency's existing legacy permitting and inspection software, Accela.

Permitting and Inspection Software Modernization Project

Overall Status

The Regulation and Licensing Department (RLD) is underway with the next set of six boards, including pharmacy, physical therapy, private investigators, dental, massage therapy, and occupational therapy. However, the agency experienced a recent cyber-attack to its on-premise licensing system, so to prevent addiitonal attacks and mitigate risks, the agency is undergoing changes to the project timeline and hopes to deploy the next set of boards on an accelerated schedule by April 2023.

Measure	FY21 Rating	FY22 Rating	FY23 Q1	FY23 Q2	FY23 Q3	Rating
Budget	G	G	G	Y		Y
Schedule	Y	Y	Y	Y		Y
Risk	Y	G	G	G		G
Overall Rating	Y	G	G	Y		Y

Budget

The project remains within budget of total appropriated funds and within budget for the current phase. The agency did not receive additional funding for FY23 and expects the project to close out at a total cost of around $6.6 million, which is under budget from initial estimates. However, the agency has not reporting spending any additional funding in the first or second quarter, so budget risk has increased given the lack of spending and the impending deadlines for the agcy's accelerated deployment schedule.

Budget Status Overview
(in thousands)

State	Federal	Total Available Funding	Spent to Date	Balance	% of Appropriations Spent
$7,297.0		$7,297.0	$2,918.6	$4,378.4	40.0%

Schedule

RLD plans to go live with the physical therapy renewals in January 2023. The agency developed an updated, accelerated project schedule aiming to have all six boards application processing and renewals complete by the end of April 2023, with remaining deliverables, such as complaints and compliance, to complete by August 2023.

Risk

RLD's accelerated timeline poses risk to the project, as the agency will need to meet key deliverables on a much shorter timeframe than initially planned. The agency is requesting funding to implement additional boards outside of this certified project to address security concerns arising from the attack.

Investment Performance Quarterly Report, Second Quarter, FY23

Markets rebounded in the second quarter of FY23, with state investments gaining value. However, volatility remains due to stubborn inflation, a changing federal funds rate outlook, unpredictable oil prices, geopolitical turmoil in Europe, and a lingering recession risk. While quarterly returns turned positive, annual returns are negative for all funds. Most of the state's risk-averse investments performed worse than peer funds for the quarter amid better-performing markets while annual returns remained competitive.

THIS REPORT details the comparative investment performance of the three investment agencies: the Educational Retirement Board (ERB), the Public Employees Retirement Association (PERA), and the State Investment Council (SIC), which manages the land grant permanent fund (LGPF), the severance tax permanent fund (STPF), and the early childhood education and care trust fund (ECTF).

Agency performance and market environment information are derived from the investment performance reports submitted by PERA, ERB, and SIC.

Investment Performance Highlights

- The value of New Mexico's combined investment holdings grew by $2.75 billion quarter-over-quarter, to an ending balance of $65.92 billion, with across-the-board gains bolstered further by distributions to the new ECTF and the STPF. For the year, funds lost $1.55 billion, or 2.3 percent. Over the last five years, the state's combined investment holdings grew $15 billion, or 29.5 percent.
- One-year returns remained negative for all funds, ranging from -8.36 percent (PERA) to -1.99 percent (ECTF). Average investment returns over the last 10 years ranged from 6.62 percent (PERA) to 7.8 percent (ERB).
- ERB's one-year fund balance dropped more than its annual investment losses due to excess benefit payments over contributions. Conversely, the LGPF, the STPF, and the ECTF's balances benefited from distributions from oil and gas taxes and royalties which positively offset their losses.
- No fund met its return targets for the quarter or one-year periods; only ERB and the LGPF hit their targets in some out-periods, when annualized.[1] PERA and ERB outperformed their policy indices for multiple periods due to a diversified portfolio stack that leans toward private equity and other alternative assets, such as real estate.
- When compared with peer funds greater than $1 billion on a net-of-fee basis, the state's investment funds performed well for the year, with all funds ranking in the top quartile. ERB performed in the top 10 percent for all out-periods. Both PERA and the STPF performed in the third quartile for three- through 10-year returns. The LGPF ranked above the median and near the top quartile for long-term returns, a continued improvement from historical performance.

Returns as of December 31, 2022 (Net of Fees)[1]

	PERA		ERB		LGPF		STPF		ECTF	
Returns (%)	Fund	Policy Index	Fund	Policy Index	Fund	Policy Index	Fund	Policy Index	Fund	Policy Index
Quarter	3.99	6.41	3.20	3.90	4.60	4.78	4.19	4.59	2.61	**2.61**
1-Year	-8.36	**-14.17**	-5.50	**-6.70**	-6.87	-6.58	-7.84	-7.47	-1.99	**-5.12**
3-Year	4.51	**1.18**	**7.00**	**5.90**	5.90	6.18	4.15	4.86		
5-Year	5.00	**3.04**	**7.10**	**6.40**	5.98	6.24	4.70	5.48		
10-Year	6.62	**5.67**	**7.80**	**7.20**	**7.43**	7.57	6.64	7.20		

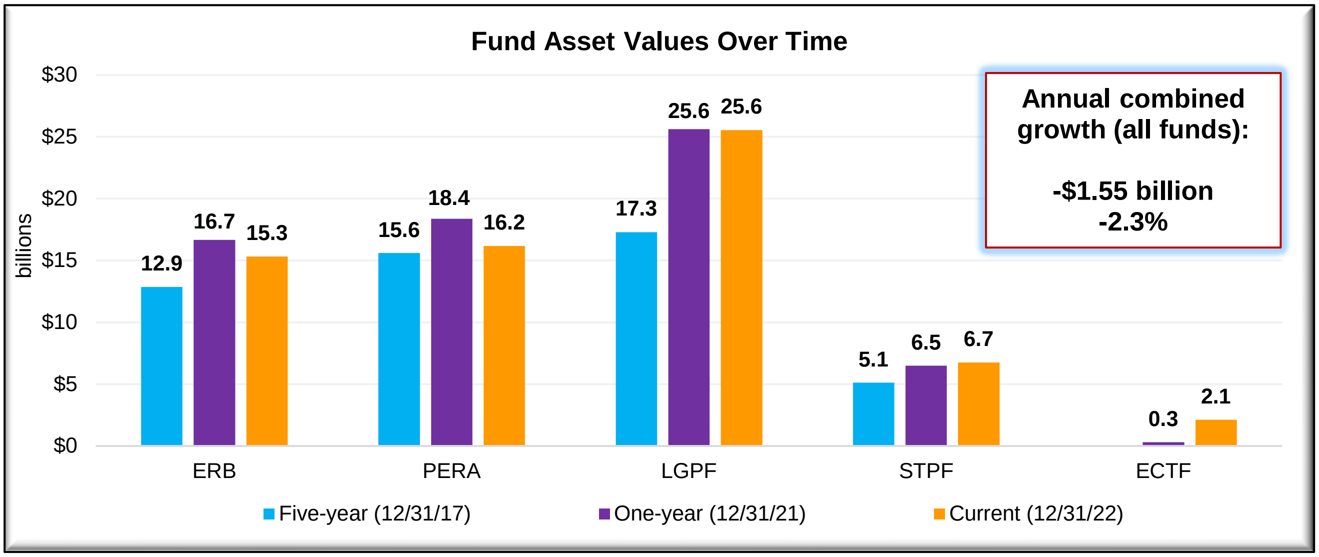
Note: A bolded fund value indicates returns that exceed the fund's long-term target. A bolded policy index value indicates returns that exceed the policy index. Quarterly data is not annualized.

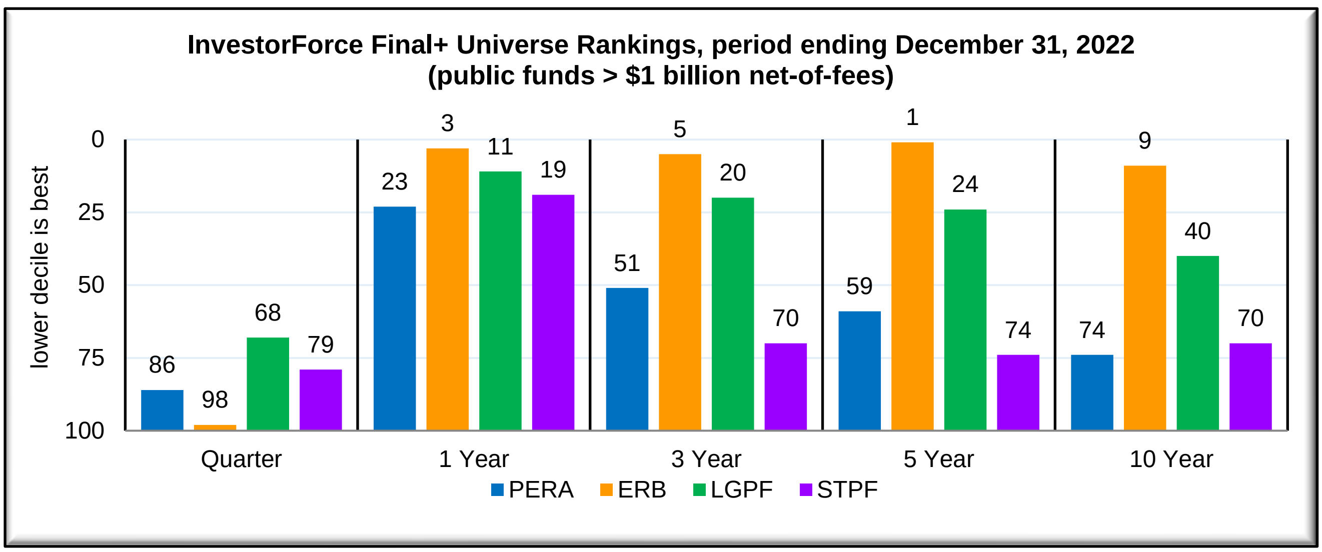
[1] The funds' long-term return targets are 7.25 percent (PERA), 7 percent (ERB), 7 percent (LGPF), and 6.75 percent (STPF).

Investment Agency Performance Dashboard

Quarter Ending December 31, 2022

This report details the investment performance of three investment agencies: the Educational Retirement Board (ERB), the Public Employees Retirement Association (PERA), and the State Investment Council (SIC) which manages the land grant permanent fund (LGPF), the severance tax permanent fund (STPF), and the early childhood education and care trust fund (ECTF).





Risk Profiles, Five Years Ending 12/31/22, Net of Fees				
Fund	ERB	PERA	LGPF	STPF
Standard Deviation*	7.1	8.0	9.4	9.2
Sharpe Ratio**	0.8	0.5	0.5	0.4
Beta***	0.4	0.4	0.5	0.4

Aggregate Value of New Mexico Investment Holdings

$65.9 billion

*measures variability from the mean return; higher is more volatile

**higher numbers indicate higher return-to-risk level; a good ratio is 1 or better

***represents the volatility of the portfolio versus the S&P 500. Beta = 1: portfolio moves with the market. Beta < 1: portfolio is less volatile than market. Beta > 1: portfolio is more volatile than the market.

Source: Agency Investment Reports

Note: ECTF not included in some metrics due to insufficent investment duration